Verizon Communications Inc.

Section 272 Biennial Agreed Upon Procedures Report for the engagement period January 2, 2001 to December 31, 2003

(Redacted Version)



PricewaterhouseCoopers LLP 1301 Avenue of the Americas New York NY 10019-6013 Telephone (646) 471 4000 Facsimile (646) 394 1301

June 12, 2003

Marlene H. Dortch
Secretary
Federal Communications Commission
Office of the Secretary
c/o Vistronix, Inc.
236 Massachusetts Avenue, N.E.
Suite 110
Washington, DC 20002

Dear Ms. Dortch:

Re: Ex Parte

In the Matter of – Implementation of the Telecommunications Act of 1996: Accounting Safeguards Under the Telecommunications Act of 1996, CC Docket No. 96-150

The enclosed materials are being filed pursuant to Verizon Communications Inc.'s ("Verizon") obligations under Section B.f., Paragraph 184 of the above referenced docket to engage an independent accountant to perform an agreed-upon procedures engagement regarding Verizon's compliance with the requirements of Section 272 of the Telecommunications Act of 1996. The accompanying material includes:

- Report of Independent Accountants on Applying Agreed-Upon Procedures

- Verizon's Response to the Report of Independent Accountants

A separate and proprietary version of this report has been filed under seal of confidentiality with the office of the Secretary of the FCC.

Very truly yours,

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PricewaterhouseCoopers LLP

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Report of Independent Accountants

PricewaterhouseCoopers LLP 1301 Avenue of the Americas New York NY 10019-6013 Telephone (646) 471 4000 Facsimile (646) 394 1301

To the Management of Verizon Communications Inc. and the Joint Federal/State Oversight Team

We have performed the procedures enumerated in Appendices A, B, C, and D which were agreed to by the management of Verizon Communications Inc. ("Verizon") and the Joint Federal/State Oversight Team (collectively, the "Specified Parties"), solely to assist you in evaluating management's assertion that Verizon complied with the requirements of Section 272 of the Communications Act of 1934, as Amended ("Section 272 Requirements") during the period from January 3, 2001 through January 2, 2003 (the "Engagement Period"). Management of Verizon is responsible for Verizon's compliance with the Section 272 Requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described in Appendices A, B, C, and D either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results obtained are documented in Appendices A, B, C, and D. The procedures and the results of performing such procedures are not intended to be an interpretation of any legal or regulatory rules, regulations, or requirements.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on Verizon's compliance with the Section 272 Requirements.

Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Specified Parties, and is not intended to be and should not be used by anyone other than the Specified Parties. However, this report is a matter of public record and its distribution is not limited.

Pricevaterhouse Coopers LLP

TABLE OF CONTENTS

Appendix A Procedures for Verizon Long Distance, Verizon Enterprise Solutions, Verizon Global Networks, Inc., Verizon Select Services Inc, and

Verizon Global Solutions, Inc.

Appendix B Procedures for CODETEL International Communications Inc.,

TELUS Communications Inc., TELUS Communications (Quebec) Inc., Compania Anonima Nacional Telefonos de Venezuela, and

Telecom New Zealand USA Limited

Appendix B-1 Procedures for Former GTE Section 272 affiliates, Step D

Appendix C Follow-up Procedures on the Prior Engagement

Appendix D Procedures for Subsequent Events

Attachment A Objective VIII: Performance Measure Results

Attachment B Objective VIII: Linear Graphs

Attachment C Verizon's Response to Comments on the Biennial Section 272 Report

filed on June 2001

As part of Verizon's response to the Follow-up Procedures on the Prior Engagement (Reference Appendix C), Verizon included their response, dated June 11, 2002, to comments on the Verizon Biennial Section 272 Reports filed by PricewaterhouseCoopers on June 11,

2001 and June 18, 2001.

Attachment D General Standard Procedures for Biennial Audits Required Under

Section 272 of the Communications Act of 1934, as Amended

Attachment E Verizon's Comments on the Verizon Biennial Section 272 Report filed

on June 12, 2003

Appendix A enumerates the procedures performed in connection with the Bell Operating Companies ("Verizon BOC")¹ and Incumbent Local Exchange Carriers ("ILEC")² of Verizon Communications, Inc. (collectively referred to as the "Verizon BOC/ILEC" or the "Company" or "Management"), and the Section 272 affiliates³.

Objective I: Affiliate Shall Operate Independently from the BOC

1. We inquired of management whether there have been any changes in the certificate of incorporation, bylaws, articles of incorporation, or the legal and/or "doing business as" ("DBA") names, since the last engagement period (January 3, 2000 through January 2, 2001), for Verizon Long Distance ("VLD"), Verizon Enterprise Solutions ("VES"), Verizon Global Networks Inc. ("GNI"), and Verizon Select Services Inc. ("VSSI"). Management indicated that there have been no changes to the certificates of incorporation, to the bylaws, to the legal names, or to the DBA names for VLD, VES, GNI, and VSSI.

We obtained and inspected the certificates of incorporation and bylaws for Verizon Global Solutions Inc. ("GSI"). We noted that GSI was established as a Delaware corporation separate from the Verizon BOC/ILEC. Management indicated that the Delaware General Corporation Law refers to the articles of incorporation as the certificates of incorporation.

We obtained and inspected the certificates of incorporation, bylaws, and articles of incorporation for Verizon Long Distance, Virginia Inc. ("VLD-VA"), Verizon Enterprise Solutions, Virginia Inc. ("VES-VA"), and Verizon Global Networks, Virginia Inc. ("GNI-VA"). We noted that VLD-VA, VES-VA, GNI-VA, and VSSI-VA were established as Virginia corporations separate from the Verizon BOC/ILEC. We inquired of management and management indicated the following:

"VLD-VA, VES-VA, GNI- VA, and VSSI-VA do not have their own books and records. These entities were never used and accordingly these entities never had any revenues or entered into any transactions, even though they were listed as parties on certain contracts."

- 2. We obtained and inspected Verizon's corporate entities' organizational charts as of September 30, 2002. We confirmed with legal representatives of the Verizon BOC/ILECs and of the Section 272 affiliates the legal, reporting, and operational corporate structure of the Section 272 affiliates. We obtained written confirmations from the legal representatives noting that:
 - VLD is owned by Verizon Communications Inc.

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¹ For the purposes of this document, Bell Operating Companies refers to Verizon New York, Inc., Verizon New England, Inc., Verizon – Washington, D.C., Inc., Verizon – Maryland, Inc., Verizon – Virginia, Inc., Verizon – West Virginia, Inc., Verizon – New Jersey, Inc., Verizon – Pennsylvania, Inc., Verizon – Delaware, Inc.

² For the purposes of this document, Incumbent Local Exchange Carrier refers to Verizon California, Inc., Verizon Florida, Inc., Verizon Hawaii, Inc., Verizon Mid-States (Contel of the South, Inc.), Verizon Midwest (GTE Midwest, Inc.), Verizon North, Inc., Verizon Northwest, Inc., Verizon South, Inc., Verizon Southwest (GTE Southwest, Inc.), Verizon West Coast, Inc., Puerto Rico Telephone Company, The Micronesian Telecommunications Corp. (In addition, for the purpose of this engagement, Verizon Advanced Data Inc. (VADI), and Verizon Advanced Data Inc. – Virginia (VADI – VA) are to be treated as ILECs after the September 26, 2001 order, Bell Atlantic/GTE Merger, 16 FCC Rcd 16915 (2001.)

³ For the purposes of this document, the Section 272 affiliates are Bell Atlantic Communications, Inc. (d/b/a Verizon Long Distance), NYNEX Long Distance Company (d/b/a Verizon Enterprise Solutions), Verizon Global Networks, Inc., Verizon Select Services Inc. (formerly GTE Communications Corp.), and Verizon Global Solutions, Inc.

- VES is owned by Bell Atlantic Worldwide Services Group, Inc., which in turn is owned by NYNEX Corporation, which is owned by Verizon Communications Inc.
- GNI is owned by Verizon Communications Inc.
- VSSI is owned by GTE Corporation, which in turn is owned by Verizon Communications Inc.
- GSI is owned by Bell Atlantic International, Inc., which is owned by Verizon Investments Inc., which is owned by Verizon Communications Inc.

For VLD-VA, VES-VA, GNI-VA, and VSSI-VA, management indicated the following:

- "Verizon Long Distance, Virginia Inc. is a direct subsidiary of Bell Atlantic Communications Inc.
- Verizon Enterprise Solutions, Virginia Inc. is a direct subsidiary of NYNEX Long Distance Company.
- Verizon Global Networks, Virginia Inc. is a direct subsidiary of Verizon Global Networks Inc.
- Verizon Select Services of Virginia Inc. is a direct subsidiary of Verizon Select Services Inc."
- 3. We inquired of management which entities perform operations, installation and maintenance ("OI&M") functions over facilities either owned or leased by each Section 272 affiliate. Management indicated the following:
 - VLD and VES do not own or lease any facilities.
 - GNI employees and third party contractors perform OI&M on facilities either owned or leased by GNI.
 - GNI employees, VSSI employees and third party contractors perform OI&M on facilities either owned or leased by VSSI.
 - GSI employees and third party contractors perform OI&M on facilities either owned or leased by GSI.

We requested management's definition and interpretation of OI&M functions and management indicated the following:

"Verizon's management has included the following guidance in its Affiliate Transaction Policy. This guidance, which is based on paragraph 158 of FCC Docket 96-149, is Verizon's definition of OI&M. Like the FCC's order, Verizon's instructions for compliance with this requirement rely on the common meaning of the words in the FCC's rules. Specific cases are reviewed by counsel. Under the 272 regulations, the FCC prohibits Verizon's ILECs and any Verizon affiliate, other than another Section 272 affiliate, from performing operation, installation or maintenance (O, I or M) functions associated with switching or transmission facilities owned or leased by a Section 272 affiliate. An ILEC and Section 272 affiliate may not have joint ownership of transmission and switching facilities or the land and buildings where those facilities are located. A Section 272 affiliate may not perform operations, installation, or maintenance functions associated with switching or transmission facilities owned or leased by the ILECs."

We inquired of management and management indicated that Section 272 affiliates do not perform OI&M on facilities either owned or leased by the Verizon BOC/ILECs. Also,

management indicated that Verizon BOC/ILECs and other affiliates do not perform OI&M functions on facilities either owned or leased by the Section 272 affiliates.

- 4. We inquired of management as to the existence of any research and development activities of the Verizon BOC/ILECs from January 3, 2001 through September 30, 2002 related to the Section 272 affiliates. Management indicated that the Verizon BOC/ILECs did not perform any research and development activities on behalf of the Section 272 affiliates.
- 5. We obtained the balance sheet and detailed fixed asset listing, including capitalized software, as of September 30, 2002 for VLD, VES, GNI, VSSI, and GSI.

We compared the fixed asset balances in the balance sheets to the totals listed on VLD's, VES's, GNI's, VSSI's, and GSI's detailed fixed asset listings and noted the following:

- For VLD, we noted that the fixed asset amount in the balance sheet is \$1,826,108 more than the total amount on the detailed fixed asset listing. We inquired of management and management indicated the difference is due to amounts for capitalized labor and construction in progress ("CIP") included in the balance sheet. Management indicated that CIP assets reflect assets not yet placed in service.
- For VES, we noted no differences.
- For GNI, we noted that the fixed asset amount in the balance sheet is \$86,887,299 more than the total amount on the detailed fixed asset listing. We inquired of management and management indicated the difference is due to amounts for CIP included in the balance sheet. Management indicated that CIP assets reflect assets not yet placed in service.

We also noted that the amount for capitalized software included as part of the Intangibles balance reflected in the balance sheet is \$3,003,830 less than the total amount reflected on the detailed fixed asset listing. Management indicated the difference represents the accumulated amortization related to capitalized software.

- For VSSI, we noted the fixed asset amount in the balance sheet is \$1,535,253 more than the total amount on the detailed fixed asset listing. We inquired of management and management indicated that the difference is due to certain credit amounts and write-offs held in a clearing account, which had not yet been classified to the appropriate fixed asset category, in the balance sheet.
- For GSI, we noted the fixed asset amount in the balance sheet is \$19,397,010 less than the total amount on the detailed fixed asset listing. We inquired of management and management indicated that the difference is due to:
 - Accruals for asset impairment, vendor credits, and a miscellaneous amount included in the detailed fixed asset listing, which is offset by CIP included in the balance sheet but not included in the detailed fixed asset listing.

We obtained and inspected a detailed fixed asset listing for each of the Section 272 affiliates. We noted that the detailed fixed asset listings for the Section 272 affiliates included a description and location of each item, price paid and recorded, and from whom the asset was purchased or transferred. We noted that the detailed fixed asset listings for the Section 272 affiliates did not include the date of purchase, but instead included the acquisition date and accounting date. We inquired of management and management indicated the acquisition date is the date the asset was placed into service and the accounting date is the date the asset was recorded in the books.

From the detailed fixed asset listing for GNI, VSSI and GSI, we selected a random sample of 100 transmission and switching facilities, including capitalized software, and the land and buildings where those facilities are located, out of a population of 11,824. Management indicated that VLD and VES have no transmission and switching facilities. We requested the title and/or other documents, which reveal ownership, for the sample selected. Management provided invoices and where applicable, the supporting reconciliations to the amount stated on the detailed fixed asset listings, as support for ownership. We noted the following:

• For 93 out of 100 items selected, we inspected the invoices and noted that the assets were billed to the appropriate Section 272 affiliate.

For the remaining 7 out of 100 items, we noted the following:

- For 3 out of 100 items selected, management indicated that the item was either capitalized interest or capitalized labor relating to transmission and switching facilities. For these samples, management provided reconciliations of the journal entry to the amount stated on the detailed fixed asset listing.
- For 3 out of 100 items selected, we inspected the invoices and noted that the assets were billed to the appropriate Section 272 affiliates. We noted that these assets had a zero balance on the detailed fixed asset listing. Management indicated that these items were reclassified from transmission and switching to another category.
- For 1 out of 100 items selected, management indicated that the item was related to capitalized labor relating to an asset reclassified from transmission and switching to another category.

For the sample of transmission and switching facilities for GNI, VSSI, and GSI, we noted no items jointly owned by the Verizon BOC/ILECs and the Section 272 affiliate.

Objective II: Affiliate Shall Maintain Records Separate from those of the BOC

1. We obtained the separate general ledgers maintained for each of the Section 272 affiliates as of September 30, 2002. For VLD, VES and GNI, we were unable to match the titles on the general ledgers with the names of these affiliates on the certificates of incorporation. We obtained the Verizon Communications Inc. Legal Name Changes and Assumed Name Filings ("Legal Name Change Filings"), which indicated both the former and new names of VLD, VES, and GNI. We compared the former names of VLD, VES, and GNI, from the Legal Name Change Filings to the certificates of incorporation and noted no differences. We compared the new names from the Legal Name Change Filings to the title on VLD's, VES's and GNI's general ledgers as of September 30, 2002 and noted no differences.

For VSSI and GSI, we compared the titles on the general ledgers with the names on the certificates of incorporation and noted no differences.

We noted no special codes that may link the Section 272 affiliates' general ledgers to the general ledgers of the Verizon BOC/ILECs.

2. We obtained the Section 272 affiliates' balance sheets, income statements and listings of lease agreements for which the Section 272 affiliate is either the lessor or lessee, as of September 30, 2002. We identified a population of 20 leases where the annual obligation was \$500,000 or more. For all 20 leases, we obtained the lease agreements and noted the terms and conditions.

We obtained and inspected the Company's lease accounting policies and the "Statement of Financial Accounting Standards No. 13, Accounting for Leases" assessment prepared by management indicating the accounting treatment for each lease. We noted the assessment was prepared in accordance with the Company's lease accounting policies for 18 of 20 selected leases.

For 2 of 20 leases, we noted that the "Statement of Financial Accounting Standards No. 13, Accounting for Leases" assessment indicated that the leases were not properly recorded as a capital lease.

We noted the Company's lease accounting policies were consistent with GAAP.

Objective III: Affiliate Shall Have Officers, Directors, and Employees Separate from those of the BOC

1. We inquired of management and management indicated that each of the Section 272 affiliates and the Verizon BOC/ILECs maintain separate boards of directors, separate officers and separate employees.

We obtained a list of officers' and directors' names for the Verizon BOC/ILECs and the Section 272 affiliates, including the dates of service for each Board member and officer, from January 3, 2001 through January 2, 2003. We designed and executed a program, which compared social security numbers of directors and officers on the Section 272 affiliates' lists to the social security numbers of directors and officers on the Verizon BOC/ILEC's lists. We noted that two individuals appeared on both the Section 272 affiliates' list and the Verizon BOC/ILEC's lists.

We inquired of management and management indicated that the individuals, one director and one officer, did not simultaneously serve as director and officer for the Section 272 affiliate and the Verizon BOC/ILEC. Management also indicated that the individuals are not on either the Section 272 affiliate's or the Verizon BOC/ILEC's payroll. The director is an employee of Verizon Communications Inc. and the officer is an employee of Verizon Corporate Services Corp.

We reviewed the list of officers' and directors' names for the Verizon BOC/ILECs and the Section 272 affiliates, including the dates of service for each Board member and officer, from January 3, 2001 through January 2, 2003, and noted that the individuals, who appeared on both lists, were not a director or an officer of the Section 272 affiliate and the Verizon BOC/ILEC simultaneously.

2. We obtained a list of names and social security numbers of all employees of the Section 272 affiliates and of the Verizon BOC/ILECs from January 3, 2001 through January 2, 2003. We designed and executed a program, which compared the names and social security numbers of the employees on the Section 272 affiliates' lists to the names and social security numbers of the employees on the Verizon BOC/ILEC's lists. We noted the names of 217 individuals that appeared on both the Section 272 affiliates' list and the Verizon BOC/ILEC's list.

We inquired of management the reasons for the 217 names appearing on both the Section 272 affiliates' list and the Verizon BOC/ILEC's list. Management provided employment histories for the 217 individuals from the Company's Employee Information System. By reference to the Company's Employee Information System only, we noted no instances where an individual was simultaneously employed by a Verizon BOC/ILEC and Section 272 affiliate.

Objective IV: Affiliate May Not Obtain Credit with Recourse to the Assets of the BOC

1. We requested from management copies of each Section 272 affiliates' debt agreements/instruments and credit arrangements with lenders and major suppliers of goods and services. Major suppliers are those having \$500,000 or more in annual sales as stated in the agreement or having \$375,000 in sales from January 1, 2002 to September 30, 2002. We obtained copies of the Section 272 affiliates' debt agreements/instruments and noted that the debt agreements/instruments were with a related party, Verizon Global Funding. We did not note any language indicating guarantees of recourse to the Verizon BOC/ILEC's assets, either directly or indirectly through another affiliate.

Management indicated that there are no revolving or open line of credit arrangements with major suppliers.

- 2. We obtained the lease agreements where the annual obligation is \$500,000 or more used in Objective II, Procedure 2. We reviewed these lease agreements and did not note any language in the agreements indicating recourse to the Verizon BOC/ILEC's assets, either directly or indirectly through another affiliate.
- 3. We requested written confirmations from loan institutions and lessors for debt instruments and leases maintained by the Section 272 affiliates in excess of \$500,000 of annual obligations and for a judgmental sample of 10 that are less than \$500,000 in annual obligation to confirm lack of recourse to the Verizon BOC/ILEC's assets. We received responses from 17 of the 35 loan institutions and lessors confirming they did not have recourse to the Verizon BOC/ILEC's assets.

Objective V & VI: Affiliate Shall Conduct All Transactions with the BOC at Arm's Length, and the BOC Shall Account for All Transactions with the Separate Affiliate in Accordance with FCC Rules

1. We documented in our workpapers the procedures used by the Verizon BOC/ILECs to identify, track, respond, and take corrective action to competitors' complaints with respect to alleged violations of the Section 272 requirements.

We obtained from the Verizon BOC/ILECs a list of all FCC formal complaints, as defined in 47 CFR 1.720; FCC informal complaints, as defined in 47 CFR 1.716, and any written complaints made to a state regulatory commission from competitors involving the provision or procurement of goods, services, facilities, and information, or in the establishment of standards which were filed from January 3, 2001 through September 30, 2002. We also obtained a list of outstanding complaints from the prior engagement period, January 3, 2000 through January 2, 2001, which had not been resolved during that period. This list categorizes the complaints as follows:

- allegations of cross-subsidies (for Objective V and VI);
- allegations of discriminatory provision or procurement of goods, services, facilities, customer network services information (excludes customer proprietary network information (CPNI)), or the establishment of standards (for Objective VII);
- allegations of discriminatory processing of orders for, and provisioning of, exchange access and exchange services and unbundled network elements, and discriminatory resolution of network problems (for Objective VIII);
- allegations of discriminatory availability of exchange access facilities (for Objective IX);
- allegations of discriminatory availability of interLATA facilities or services not at the same rates and not on the same terms and conditions as the interLATA affiliate (for Objective XI);

For each group of complaints, we inquired of management and reviewed documentation to determine how many of the complaints were under investigation, how many complaints had been resolved, and in what time frame they had been resolved. For those complaints that had been resolved, we inquired of management how those allegations were concluded, and if the complaint was upheld, what steps the Company has taken to prevent those practices from recurring. Management indicated the following:

- There were no complaints filed applicable to Objective V/VI.
- For Objective VII, 26 complaints, 2 of which originated during the prior engagement period, were under investigation. 12 complaints, 1 of which originated during the prior engagement period, were resolved (Reference Table 1).

Table 1

| 1 able 1 | | | Oh | jective VII | | |
|----------|-----------------|-------------------------|--------------------|--|---|----------------------------|
| No. | Type | Case No. | Complaint | Reason for Complaint | Conclusion | Time Frame for Resolution |
| 1 | FCC Informal | EB-02- MDIC- 0001 | CTC Communications | Alleges unreasonable and unjust collocation charges. | The time period for filing a formal complaint expired on Sept. 27, 2002. Under section 1.718 of the FCC's rules, it is considered abandoned. The Enforcement Bureau sent a letter notifying CTC Communications that the complaint was ruled abandoned and has been closed. | 01/09/2002 - 03/31/2003 |
| 2 | State - HI | IC-01-1 | AT&T PhoneMart | AT&T alleged Verizon was misusing AT&T's and its customers' proprietary information in violation of state and federal law and its billing and collection agreement with Verizon. | Verizon adopted a formal policy that prohibits the use of the Mechanized Service Office Billing/Billing Voucher Treatment system for information of sales purposes. Verizon provided a copy of their policy "Selling Long Distance to Customer's PIC'd to Other Carriers" to AT&T to avoid any potential misunderstanding in the future. This was an informal complaint and no ruling was made by the state commission. | 06/27/2001 - 09/13/2001 |
| 3 | State - MD | 8887 | Sprint | Sprint filed a request for Arbitration of certain terms, conditions, prices and related arrangements. | Sprint's complaint was denied. An Interconnection Agreement was filed and approved by the commission. | 05/16/2001 - 03/06/2002 |
| 4 | State - MD | No case number | Cavalier | Cavalier alleges that certain | The commission dismissed the | 10/23/2001 - 09/13/2002 |

| | | | 0 | bjective VII | | |
|-----|---------------|--------------------------------------|-----------|---|---|----------------------------|
| No. | Type | Case No. | Complaint | Reason for Complaint | Conclusion | Time Frame for Resolution |
| | | was assigned | | provisions of the Local Exchange Tariff dealing with Local Service Provider Freeze were anti- competitive | complaint, no merit to the allegations was found. | |
| 5 | State - MI | U-13441 | TelNet | Pursuant to the Interconnection Agreement ("ICA"), TelNet terminated traffic from Verizon customers. TelNet invoiced Verizon through May 2001. Verizon has refused to pay portions of TelNet invoices based on the ICA rates from June 2002 to present. Verizon claims that the FCC Order on Remand, effective June 14, 2001, establishes the end office rate for reciprocal compensation that should be paid for internet traffic. | A settlement was reached and the Michigan Commission dismissed the case with prejudice. TelNet agreed that the Order on Remand, effective June 14, 2001, governs the exchange of ISP traffic. | 06/20/2002 - 01/13/2003 |
| 6 | State - NY | No case number was assigned | Sprint | Sprint filed a complaint and petition for declaratory judgment with the New York Department of Public Service Commission ("NY PSC") to require Verizon to provide the ability to combine local, interLATA and intraLATA telephone traffic on the same network trunk facilities and pay appropriate | Complaint was withdrawn by Sprint. | 09/06/2001 - 11/13/2001 |

| | Objective VII | | | | | |
|-----|---------------|------------------------------|-------------------------------|---|--|----------------------------|
| No. | Type | Case No. | Complaint | Reason for Complaint | Conclusion | Time Frame for Resolution |
| | | | | compensation based on the jurisdiction of traffic. | | |
| 7* | State - NY | 01-0647 | AT&T | AT&T filed a complaint with the NY PSC under the Expedite Dispute Resolution process regarding a dispute over how to correct a misrouting of certain intraLATA calls alleged to not be in conformance with Call Flow 15 of the Verizon/ATT interconnection agreement. | Arbitrator accepted AT&T's arguments. AT&T was issued an award. For the embedded bases of AT&T's UNE-P lines, Verizon implemented a one time conversion whereby the LPIC codes on AT&T UNE-P lines were converted from AT&T's 0288 CIC to Verizon's 0698 CIC. Verizon clarified the Business Rules regarding the use of CIC codes in connection with LPIC selections. | 10/09/2001 - 09/18/2002 |
| 8 | State - PA | Docket No. R- 00016329 | Covad and Sprint | Complaint against PA. PUC - No. 218 Collocation Tariff relative to DC Power penalty provisions. | Verizon, Covad, and Sprint filed a settlement agreement that was later approved by the Commission. The settlement was approved by the Commission in a format that allowed other CLECs to comment or oppose if they wished to, but they did not. Verizon filed a compliance tariff effective 12/22/01 outlining both Verizon and CLEC responsibilities concerning DC power. | 05/24/2001 - 12/19/2001 |
| 9 | State – PA | Docket No. C- 20026867 | ATX, A Corecomm Company | Complaint alleged Verizon was refusing to process | Complaint was withdrawn by ATX. | 02/12/2002 - 08/13/2002 |

| | | _ | . 0 | bjective VII | | |
|-----|---------------|--------------------------------------|-----------|--|---|----------------------------|
| No. | Type | Case No. | Complaint | Reason for Complaint | Conclusion | Time Frame for Resolution |
| | | | | pending orders for new customer service or change orders. | | |
| 10 | State - VA | PUC 2002- 0089 | Cavalier | Cavalier filed a complaint regarding an amendment to their interconnection agreement dealing with compensation between the carriers at what interconnection point (GRIPS issue). | The Virginia Commission dismissed the case because the amendment had been terminated. Also, the Commission believed the monetary issue was better dealt with in the appropriate courts. | 07/03/2002 - 01/31/2003 |
| 11 | State - VA | No case number was assigned | Cavalier | Cavalier alleges that Verizon is improperly handling the provisioning of facilities. Cavalier claims that they are receiving a "no facilities condition" for the orders they submit, while Verizon customers are able to get their orders provisioned. | Verizon investigation showed consistent treatment of the "no facilities" condition with their existing policies and procedures regarding facilities. No further action is expected from either the Commission staff or by Cavalier. Cavalier can proceed with a formal complaint with the Commission at any time. | 06/26/2002 - 01/15/2003 |
| 12^ | State – VA | PUC 2000- 00262 | Cavalier | Allegations of premature disconnects of customers who are moving service from Verizon to Cavalier and excessive delays in restoring their service. | The case was dismissed after Verizon was enjoined from prematurely disconnecting Cavalier customers. Verizon and Cavalier reported the level of premature disconnects to the Commission Staff for over 16 months. | 09/28/2000 - 06/04/2002 |

| | | | Ob | jective VII | | |
|-----|------------|-----------------|-------------------|-------------------------|---|---------------------------|
| No. | Type | Case No. | Complaint | Reason for Complaint | Conclusion | Time Frame for Resolution |
| | | | | | The information was communicated quarterly to the Commission to track improvement. Once metric guidelines were established to report the necessary information, the Commission vacated its earlier order for monthly/quarterly reporting. | |
| | Outstandir | ng complaint fr | om prior engageme | nt period which was | not resolved during that | period |

^{*} Applies to both Objectives VII and XI

• For Objective VIII, 17 complaints, 6 of which originated during the prior engagement period, were under investigation. 10 complaints, 5 of which originated during the prior engagement period, were resolved (Reference Table 2).

Table 2

| | | | Obj | ective VIII | | |
|-----|---------------|------------------|--------------------------------------|--|---|------------------------------|
| No. | Туре | Case No. | Complainant | Reason for Complaint | Conclusion | Time Frame for Resolution |
| | | EB-01-MD- 022 | | discrimination in | FCC granted Motion to Dismiss Without Prejudice filed by Cable and Wireless. | 09/04/2001 - 02/07/2002 |
| | | EB-02-MD- 017 | | Request revocation of Verizon Mass 271 authority due to local and switching transport rates not lowered when NY rates lowered. | FCC denied the complaint. | 04/24/2002 - 07/23/2002 |
| | FCC Formal | EB-00-MD- 14 | Telecom Inc. d/b/a Answer Indiana | dispute | Answer Indiana's complaint was denied. | 07/24/2000 - 11/28/2001 |

| | | 1 | Obj | jective VIII | | |
|-----------------|-----------------|---------------------|------------------------|---|--|------------------------------|
| No. | Туре | Case No. | Complainant | Reason for Complaint | Conclusion | Time Frame for Resolution |
| 16 | FCC Informal | EB-01- MDIC-0022 | Cable and Wireless | Alleges Verizon performance on provisioning Special Access is poor and in violation of 201(b) of the Act. | FCC dismissed the complaint | 05/31/2001 - 07/23/2001 |
| 17 | FCC Informal | EB-02- MDIC-0010 | NTELOS | | Verizon issued credits to NTELOS and the FCC closed the complaint. No internal changes were required. | 03/12/2002 - 05/03/2002 |
| 18* | FCC Informal | ICN 02- B0002517 | ISLA Communications | Alleges that Verizon is not in compliance with the FCC Flex ANI requirement. | FLEX ANI has been deployed in Saipan for the 1 private payphone provider (ISLA) and for Verizon Payphones, as required by ISLA. However, there are still signaling issues with Sprint which prevent Verizon from passing the FLEX ANI digits. The issue is with the type trunks Sprint is using and only Sprint can remedy the problem. No internal changes were required. | 09/25/2002 - 04/29/2003 |
| 19 [^] | FCC Formal | EB-00-018 | Net2000 | _ | FCC denied the complaint | 11/06/2000 – 01/09/2002 |
| 20^ | State - VA | PUC 990191 | Cavalier Telephone | Disputes concerning a wide variety of issues including ordering, provisioning, billing, repair, and DSL rates. | The case was dismissed. | 01/05/2000 - 02/21/2001 |
| 21^ | State - VA | PUC 2000- 00262 | Cavalier Telephone | | The case was dismissed. | 09/28/2000 - 06/04/2002 |

| | Objective VIII | | | | | | |
|-----|--|-----------------------------------|-------------|---|------------------------|------------------------------|--|
| No. | Туре | Case No. | Complainant | Reason for Complaint | Conclusion | Time Frame for Resolution | |
| | | | | and excessive delays in restoring their service. | | | |
| 22^ | | No case number was assigned | • | End Users continued to get billed by Verizon after porting to Cavalier | The case was dismissed | 08/01/2000 - 10/10/2001 | |
| * | Outstanding complaint from prior engagement period which was not resolved during that period * Applies to both Objectives VIII and IX | | | | | | |

[•] For Objective IX, 6 complaints, 2 of which originated during the prior engagement period, were under investigation. 3 complaints, 2 of which originated during the prior engagement period, were resolved (Reference Table 3).

Table 3

| | | | 0 | bjective IX | | |
|------|------------|----------|----------------|----------------------|------------------------|----------------|
| | | | | Reason for | | Time Frame for |
| No. | Type | Case No. | Complainant | Complaint | Conclusion | Resolution |
| 23* | FCC | INC 02- | ISLA | Alleges that Verizon | FLEX ANI has been | 09/25/2002 - |
| | Informal | B0002517 | Communications | is not in compliance | deployed in Saipan | 10/25/2002 |
| | | | | with the FCC Flex | for the 1 private | |
| | | | | ANI requirement. | payphone provider | |
| | | | | | (ISLA) and for | |
| | | | | | Verizon Payphones | |
| | | | | | as required by ISLA. | |
| | | | | | However, there are | |
| | | | | | still signaling issues | |
| | | | | | with Sprint which | |
| | | | | | prevent Verizon | |
| | | | | | from passing the | |
| | | | | | FLEX ANI digits. | |
| | | | | | The issue is with the | |
| | | | | | type trunks Sprint is | |
| | | | | | using and only Sprint | |
| | | | | | can remedy the | |
| | | | | | problem. No internal | |
| | | | | | changes were | |
| 2.4^ | Ct t NIX | NIX OO C | ATOT | C 1 '44 1 | required. | 10/12/2000 |
| 24^ | State - NY | | AT&T | Submitted support | The New York | 10/13/2000 - |
| | | 1390 | | letters for Focal | Public Service | 06/16/2001 |
| | | | | Communications' | Commission issued | |
| | | | | complaint listed | an Opinion adopting | |
| | | | | below. | revised Special | |
| | | | | | Services Guidelines | |
| | | | | | including additional | |
| | | | | | metrics and reporting | |

| | | | C | Objective IX | | |
|-----|------------|------------------|-----------------------------------|--|---|------------------------------|
| No. | Туре | Case No. | Complainant | Reason for Complaint | Conclusion | Time Frame for Resolution |
| | | | | | requirements. | |
| 25^ | State - NY | NY-00- C01390 | Focal Communications | Focal Communications alleges substandard and discriminatory provisioning and maintenance of special access services as required by Special Guidelines in New York. | The New York Public Service Commission issued an Opinion adopting revised Special Services Guidelines, including additional metrics and reporting requirements. | 08/15/2000 - 06/16/2001 |
| * | | | rom prior engagemeres VIII and IX | ent period which was r | not resolved during that | period |

[•] For Objective XI, 3 complaints, 1 of which originated during the prior engagement period, were under investigation. 2 complaints, 1 of which originated during the prior engagement period, were resolved. (Reference Table 4)

Table 4

| | | | O | bjective XI | | |
|-----|---------------|---------------------|-------------------|---|---|----------------------------|
| | | | | Reason for | | Time Frame for |
| No. | Type | Case No. | Complainant | Complaint | Conclusion | Resolution |
| 26^ | FCC Formal | EB-00- MDIC-0054 | B&B Beeper | | Enforcement Bureau ruled recommending no further action and closed the file. | 08/16/2000 - 03/27/2001 |
| 27* | State - NY | 01-0647 | АТ&Т | New York State Department of Public Service Commission (NY PSC) under the Expedite Dispute Resolution (EDR) process. The issue is a dispute between parties over how to correct a misrouting of certain intraLATA calls alleged to not be in conformance with Call Flow 15 of the Verizon/ATT | embedded bases of AT&T's UNE-P lines, Verizon implemented a one time conversion whereby the LPIC codes on AT&T UNE-P lines were | 10/09/2001 - 09/18/2002 |
| | Outstand | ing complaint | from prior engage | ment period which was | not resolved during th | at period |

Outstanding complaint from prior engagement period which was not resolved during that period

Applies to both Objectives VII and XI

- 2. We obtained the Verizon BOC/ILEC's and the Section 272 affiliates' current written procedures for transactions with affiliates and compared these procedures with the FCC Rules and Regulations indicated as "standards" in the General Standards Procedures for Biennial Audits Required Under Section 272 of the Communications Act of 1934, as amended. We noted the Company's written procedures included the FCC Rules and Regulations indicated as standards above, and noted no differences.
- 3. We inquired and documented how the Verizon BOC/ILECs and the Section 272 affiliates disseminate the FCC Rules and Regulations and raise awareness among employees for compliance with the affiliate transaction rules. We documented the type and frequency of training, literature distributed, the Company's policy, and the supervision provided to employees responsible for affiliate transactions. Management indicated that all Section 272 affiliate employees are required to attend Section 272 compliance training. The Affiliate Transactions Compliance Office conducts training sessions as follows:
 - **VLD** Twice a year, or as needed
 - **VES** Twice a year, or as needed.

- **GNI** Once or twice a month, depending on the number of new hires, and how many requests for "refreshers" are received.
- **VSSI** Annually, or as needed.
- **GSI** New hires are trained as part of their orientation and refresher training is given to existing employees annually.
- **BOC/ILECs** Training is part of new employee orientation. Non-272 affiliates are trained upon request of a functional organization.

The Section 272 affiliate transaction policy training includes: an overview of the Telecommunications Act of 1996; identification of the Section 272 affiliates; the consequences of non-compliance with the rules; the structural, accounting and nondiscriminatory compliance requirements; information sharing; and joint marketing.

Employees are provided with written documentation on the Affiliate Transactions Policy, global e-mails are sent to disseminate information and target letters are sent to specific organizations. The Affiliate Transactions Policy is also located on the Company's intranet website. The Affiliate Interest Compliance Office Hotline is available to answer questions employees may have on the subject.

There is an Affiliate Interest Compliance Office Hotline, and each business unit is assigned a specific Compliance Officer who is required to answer any questions employees may have on the subject. In addition, each business unit has an attorney who can be reached to answer questions relative to transactions with Section 272 affiliates.

We requested certain employees who are responsible for developing and recording affiliate transactions costs in the books of record of the carrier to complete a questionnaire surrounding their awareness of the FCC Rules and Regulations governing affiliate transactions. The employees interviewed had the following job titles: Senior Staff Consultant – Retail Markets, Senior Staff Consultant – Product Management/Product Development, Senior Specialist – Billing Services Account Manager, Manager – Accounting, Manager – Financial Assurance, Specialist – Business Solutions Group Finance, Senior Staff Consultant – Sales Support, Manager – Wholesale Collections. We interviewed these employees and noted that the individuals indicated they were aware of these rules and received training with respect to these rules.

4. We obtained a listing of all 293 written agreements, including their corresponding 452 amendments, for services and for interLATA and exchange access facilities between the Verizon BOC/ILEC and each Section 272 affiliate which were in effect from January 3, 2001 through September 30, 2002. For a random sample of 81 agreements, including their corresponding 121 amendments, we obtained copies of the written agreements and summarized these agreements in our workpapers, noting names of parties, type of service, rates and prices, terms, and conditions. We further noted which agreements were still in effect as of September 30, 2002 and for those agreements which were no longer in effect, indicated the termination date. We also identified agreements that were terminated prematurely from January 3, 2001 through September 30, 2002 (Reference Table 5).

Table 5

| No. | Name of Agreement | Reason Terminated | Section 272 affiliate |
|-----|--|--|-----------------------|
| 1 | Agreement for Billing and Collection Services | Replaced by Billing Services Agreement, Effective 04/01/2002 | VLD |
| 2 | Agreement for Billing and Collection Services Amendment 01 | Replaced by Billing Services Agreement, Effective 04/01/2002 | VLD |
| 3 | Agreement for Billing and Collection Services Amendment 02 | Replaced by Billing Services Agreement, Effective 04/01/2002 | VLD |
| 4 | Agreement for Billing and Collection Services Amendment 03 | Replaced by Billing Services Agreement, Effective 04/01/2002 | VLD |
| 5 | Agreement for Billing and Collection Services Amendment 04 | Replaced by Billing Services Agreement, Effective 04/01/2002 | VLD |
| 6 | Billing Services Agreement | Replaced by Billing Services Agreement, Effective 04/01/2002 | VLD |
| 7 | Billing Services Agreement Amendment 01 | Replaced by Billing Services Agreement, Effective 04/01/2002 | VLD |
| 8 | Billing Services Agreement Amendment 02 | Replaced by Billing Services Agreement, Effective 04/01/2002 | VLD |
| 9 | Billing Services Agreement Amendment 03 | Replaced by Billing Services Agreement, Effective 04/01/2002 | VLD |
| 10 | Billing Services Agreement Amendment 04 | Replaced by Billing Services Agreement, Effective 04/01/2002 | VLD |
| 11 | Lease - 1177 Bishop Street Honolulu HI | Cancelled via letter because VLD employees transferred to Verizon Hawaii, Effective 08/17/2001 | VLD |
| 12 | Memorandum of Access Services | Replaced by Memorandum of Understanding (Access Services), Effective 05/29/2002 | VLD |
| 13 | Amendment 01 to Memorandum of Understanding Access Services | Replaced by Memorandum of Understanding (Access Services), Effective 05/29/2002 | VLD |
| 14 | Memorandum of Understanding (FCC#1) | Replaced by Memorandum of Understanding (Access Services), Effective 05/29/2002 | VLD |
| 15 | Memorandum of Understanding (FCC#1) Amendment 01 | Replaced by Memorandum of Understanding (Access Services), Effective 05/29/2002 | VLD |
| 16 | Memorandum of Understanding (FCC#1) Amendment 02 | Replaced by Memorandum of Understanding (Access Services), Effective 05/29/2002 | VLD |

| No. | Name of Agreement | Reason Terminated | Section 272 affiliate |
|-----|--|---|-----------------------|
| 17 | Memorandum of Understanding (FCC#1) Amendment 03 | Replaced by Memorandum of Understanding (Access Services), Effective 05/29/2002 | VLD |
| 18 | Memorandum of Understanding (FCC#1) Amendment 04 | Replaced by Memorandum of Understanding (Access Services), Effective 05/29/2002 | VLD |
| 19 | Memorandum of Understanding (FCC#1) Amendment 05 | Replaced by Memorandum of Understanding (Access Services), Effective 05/29/2002 | VLD |
| 20 | Memorandum of Understanding (FCC#1) Amendment 06 | Replaced by Memorandum of Understanding (Access Services), Effective 05/29/2002 | VLD |
| 21 | Memorandum of Understanding (FCC#1) Amendment 07 | Replaced by Memorandum of Understanding (Access Services), Effective 05/29/2002 | VLD |
| 22 | Memorandum of Understanding (FCC#1) Amendment 08 | Replaced by Memorandum of Understanding (Access Services), Effective 05/29/2002 | VLD |
| 23 | Memorandum of Understanding (NE) | Replaced by Memorandum of Understanding (Access Services), Effective 05/29/2002 | VLD |
| 24 | Memorandum of Understanding (NE) Amendment 01 | Replaced by Memorandum of Understanding (Access Services), Effective 05/29/2002 | VLD |
| 25 | Memorandum of Understanding (NE) Amendment 02 | Replaced by Memorandum of Understanding (Access Services), Effective 05/29/2002 | VLD |
| 26 | Memorandum of Understanding (NE) Amendment 03 | Replaced by Memorandum of Understanding (Access Services), Effective 05/29/2002 | VLD |
| 27 | Memorandum of Understanding (NE) Amendment 04 | Replaced by Memorandum of Understanding (Access Services), Effective 05/29/2002 | VLD |
| 28 | Memorandum of Understanding (NE) Amendment 05 | Replaced by Memorandum of Understanding (Access Services), Effective 05/29/2002 | VLD |
| 29 | Memorandum of Understanding (NY/CT) | Replaced by Memorandum of Understanding (Access Services), Effective 05/29/2002 | VLD |
| 30 | Memorandum of Understanding (NY/CT) Amendment 01 | Replaced by Memorandum of Understanding (Access Services), Effective 05/29/2002 | VLD |
| 31 | Memorandum of Understanding (NY/CT) Amendment 02 | Replaced by Memorandum of Understanding (Access Services), Effective 05/29/2002 | VLD |
| 32 | Memorandum of Understanding (NY/CT) Amendment 03 | Replaced by Memorandum of Understanding (Access Services), Effective 05/29/2002 | VLD |
| 33 | Memorandum of Understanding (NY/CT) Amendment 04 | Replaced by Memorandum of Understanding (Access Services), Effective 05/29/2002 | VLD |

| No. | Name of Agreement | Reason Terminated | Section 272 affiliate | |
|-----|--|---|-----------------------|--|
| 34 | Memorandum of Understanding (NY/CT) Amendment 05 | Replaced by Memorandum of Understanding (Access Services), Effective 05/29/2002 | VLD | |
| 35 | Memorandum of Understanding (NY/CT) Amendment 06 | Replaced by Memorandum of Understanding (Access Services), Effective 05/29/2002 | VLD | |
| 36 | Memorandum of Understanding (NY/CT) Amendment 07 | Replaced by Memorandum of Understanding (Access Services), Effective 05/29/2002 | VLD | |
| 37 | Slamming/Liability Service Agreement | Cancelled via letter, Effective 05/08/2002 | VLD | |
| 38 | Agreement for Billing and Collection Services | Replaced by Billing Services Agreement, Effective 04/01/2002 | VES | |
| 39 | Agreement for Billing and Collection Services Amendment 01 | Replaced by Billing Services Agreement, Effective 04/01/2002 | VES | |
| 40 | Agreement for Billing and Collection Services Amendment 02 | Replaced by Billing Services Agreement, Effective 04/01/2002 | VES | |
| 41 | Memorandum of Understanding (FCC#1) | Replaced by Memorandum of Understanding (Access Services), Effective 05/29/2002 | VES | |
| 42 | Memorandum of Understanding (FCC#1) Amendment 01 | Replaced by Memorandum of Understanding (Access Services), Effective 05/29/2002 | VES | |
| 43 | Memorandum of Understanding (FCC#1) Amendment 02 | Replaced by Memorandum of Understanding (Access Services), Effective 05/29/2002 | VES | |
| 44 | Memorandum of Understanding (FCC#1) Amendment 03 | Replaced by Memorandum of Understanding (Access Services), Effective 05/29/2002 | VES | |
| 45 | Memorandum of Understanding (FCC#1) Amendment 04 | Replaced by Memorandum of Understanding (Access Services), Effective 05/29/2002 | VES | |
| 46 | Memorandum of Understanding (FCC#1) Amendment 05 | Replaced by Memorandum of Understanding (Access Services), Effective 05/29/2002 | VES | |
| 47 | Memorandum of Understanding (FCC#1) Amendment 06 | Replaced by Memorandum of Understanding (Access Services), Effective 05/29/2002 | VES | |
| 48 | Memorandum of Understanding (FCC#1) Amendment 07 | Replaced by Memorandum of Understanding (Access Services), Effective 05/29/2002 | VES | |
| 49 | Memorandum of Understanding (FCC#1) Amendment 08 | Replaced by Memorandum of Understanding (Access Services), Effective 05/29/2002 | VES | |
| 50 | Memorandum of Understanding (NE) | Replaced by Memorandum of Understanding (Access Services), Effective 05/29/2002 | VES | |

| No. | Name of Agreement | Reason Terminated | Section 272 affiliate |
|-----|---|---|-----------------------|
| 51 | Memorandum of Understanding (NE) Amendment 01 | Replaced by Memorandum of Understanding (Access Services), Effective 05/29/2002 | VES |
| 52 | Memorandum of Understanding (NE) Amendment 02 | Replaced by Memorandum of Understanding (Access Services), Effective 05/29/2002 | VES |
| 53 | Memorandum of Understanding (NE) Amendment 03 | Replaced by Memorandum of Understanding (Access Services), Effective 05/29/2002 | VES |
| 54 | Memorandum of Understanding (NE) Amendment 04 | Replaced by Memorandum of Understanding (Access Services), Effective 05/29/2002 | VES |
| 55 | Memorandum of Understanding (NE) Amendment 05 | Replaced by Memorandum of Understanding (Access Services), Effective 05/29/2002 | VES |
| 56 | Memorandum of Understanding (NY/CT) | Replaced by Memorandum of Understanding (Access Services), Effective 05/29/2002 | VES |
| 57 | Memorandum of Understanding (NY/CT) Amendment 01 | Replaced by Memorandum of Understanding (Access Services), Effective 05/29/2002 | VES |
| 58 | Memorandum of Understanding (NY/CT) Amendment 02 | Replaced by Memorandum of Understanding (Access Services), Effective 05/29/2002 | VES |
| 59 | Memorandum of Understanding (NY/CT) Amendment 03 | Replaced by Memorandum of Understanding (Access Services), Effective 05/29/2002 | VES |
| 60 | Memorandum of Understanding (NY/CT) Amendment 04 | Replaced by Memorandum of Understanding (Access Services), Effective 05/29/2002 | VES |
| 61 | Memorandum of Understanding (NY/CT) Amendment 05 | Replaced by Memorandum of Understanding (Access Services), Effective 05/29/2002 | VES |
| 62 | Memorandum of Understanding (NY/CT) Amendment 06 | Replaced by Memorandum of Understanding (Access Services), Effective 05/29/2002 | VES |
| 63 | Memorandum of Understanding (NY/CT) Amendment 07 | Replaced by Memorandum of Understanding (Access Services), Effective 05/29/2002 | VES |
| 64 | Bell Atlantic, New Jersey, Inc. TELECOMSVC, Amendment #1 | Canceled early and replaced by another agreement | GNI |
| 65 | Bell Atlantic, Connecticut TELECOMSVC | Canceled early and replaced by another agreement | GNI |
| 66 | Bell Atlantic, Washington, D.C, Inc. TELECOMSVC | Canceled early and replaced by another agreement | GNI |
| 67 | Bell Atlantic, Maine TELECOMSVC | Canceled early and replaced by another agreement | GNI |
| 68 | Bell Atlantic, Delaware, Inc. TELECOMSVC | Canceled early and replaced by another agreement | GNI |
| 69 | Bell Atlantic, Massachusetts TELECOMSVC Amendment #1 | Canceled early and replaced by another agreement | GNI |

| No. | Name of Agreement | Reason Terminated | Section 272 affiliate |
|-----|--|--|-----------------------|
| 70 | Bell Atlantic, Maryland, Inc. | Canceled early and replaced by | GNI |
| 70 | TELECOMSVC | another agreement | UNI |
| 71 | Bell Atlantic, New Hampshire | Canceled early and replaced by | GNI |
| / 1 | TELECOMSVC | another agreement | ONI |
| 72 | Bell Atlantic, New York | Canceled early and replaced by | GNI |
| , 2 | | another agreement | OIVI |
| 73 | Bell Atlantic, Pennsylvania, Inc. | Canceled early and replaced by | GNI |
| | | another agreement | |
| 74 | Bell Atlantic, Rhode Island | Canceled early and replaced by | GNI |
| | TELECOMSVC | another agreement | |
| 75 | Bell Atlantic, Virginia, Inc. | Canceled early and replaced by | GNI |
| | | another agreement | |
| 76 | Bell Atlantic, Vermont TELECOMSVC | Canceled early and replaced by another agreement | GNI |
| | Bell Atlantic, West Virginia, Inc. | | |
| 77 | TELECOMSVC | another agreement | GNI |
| | 3011 Hungry Springs Road, | Assigned to VIS on 11/25/2001 | |
| 78 | Richmond, VA Original Real | prior to scheduled termination | GNI |
| | Estate | date due to reorganization | |
| | 5415 A. A. D. | Assigned to VIS on 11/25/2001 | |
| 79 | 5415 Airport Road, Roanoke, | prior to scheduled termination | GNI |
| | VA Original Real Estate | date due to reorganization | |
| | 814 Greenbriar Circle, | Assigned to VIS on 11/25/2001 | |
| 80 | Chesapeake, VA Original Real | prior to scheduled termination | GNI |
| | Estate | date due to reorganization | |
| 81 | New York Memorandum of | Canceled early and replaced by | GNI |
| | Understanding #NY/CT-MOU | new MOU Access Services | |
| 02 | New York Memorandum of | Canceled early and replaced by new MOU Access Services | GNI |
| 82 | Understanding #NY/CT-MOU Amendment #1 | | |
| | New York Memorandum of | | |
| 83 | Understanding #NY/CT-MOU | Canceled early and replaced by | GNI |
| 03 | Amendment #2 | new MOU Access Services | OIVI |
| | New York Memorandum of | | |
| 84 | Understanding #NY/CT-MOU | Canceled early and replaced by | GNI |
| | Amendment #3 | new MOU Access Services | |
| | New York Memorandum of | Canceled early and replaced by | |
| 85 | Understanding #NY/CT-MOU | new MOU Access Services | GNI |
| | Amendment #4 | 112001100055 50171005 | |
| 0.1 | New York Memorandum of | Canceled early and replaced by | CNI |
| 86 | Understanding #NY/CT-MOU | new MOU Access Services | GNI |
| | Amendment #5 | | |
| 87 | New York Memorandum of Understanding #NY/CT-MOU | Canceled early and replaced by | GNI |
| 07 | Amendment #6 | new MOU Access Services | ONI |
| | New York Memorandum of | | |
| 88 | Understanding #NY/CT-MOU | Canceled early and replaced by | GNI |
| | Amendment #7 | new MOU Access Services | |
| | | Assigned to VIS on 11/25/01 | |
| 89 | 425 Holden St. Clarksburg, WV Real Estate | prior to scheduled termination | GNI |
| | Real Estate | date due to reorganization | |

| No. | Name of Agreement | Reason Terminated | Section 272 affiliate | |
|-----|---|---|-----------------------|--|
| 90 | 1710 Underpass Way, Hagerstown, MD Real Estate | Assigned to VIS on 11/25/01 prior to scheduled termination | GNI | |
| 91 | Bell Atlantic, Virginia, Inc. TELECOMSVC Amendment #2 | date due to reorganization Canceled early due to business direction change | GNI | |
| 92 | Bell Atlantic, Maryland, Inc. | Canceled early due to business direction change | GNI | |
| 93 | Bell Atlantic, Pennsylvania, Inc. | Canceled early due to business direction change | GNI | |
| 94 | Bell Atlantic, New Jersey, Inc. TELECOMSVC Amendment #2 | Canceled early due to business direction change | GNI | |
| 95 | Bell Atlantic, Washington DC, Inc. TELECOMSVC Amendment #2 | Canceled early due to business direction change | GNI | |
| 96 | Bell Atlantic, West Virginia, Inc. TELECOMSVC Amendment #2 | | GNI | |
| 97 | | Canceled early due to business direction change | GNI | |
| 98 | Bell Atlantic, New York, Inc. | Canceled early due to business direction change | GNI | |
| 99 | Bell Atlantic, Massachusetts, Inc. TELECOMSVC Amendment #2 | Canceled early due to business direction change | GNI | |
| 100 | Bell Atlantic, Maine, Inc. TELECOMSVC Amendment #2 | Canceled early due to business direction change | GNI | |
| 101 | Bell Atlantic, Vermont, Inc. TELECOMSVC Amendment #2 | Canceled early due to business direction change | GNI | |
| 102 | Bell Atlantic, New Hampshire, Inc. TELECOMSVC Amendment #2 | Canceled early due to business direction change | GNI | |
| 103 | Bell Atlantic, Rhode Island, Inc. TELECOMSVC Amendment #2 | Canceled early due to business direction change | GNI | |
| 104 | Bell Atlantic, Connecticut, Inc. TELECOMSVC Amendment #2 | Canceled early due to business direction change | GNI | |
| 105 | New England Memorandum of Understanding #NE-MOU | Canceled early and replaced by new MOU Access Services | GNI | |
| 106 | New England Memorandum of Understanding Amendment #1 | Canceled early and replaced by new MOU Access Services | GNI | |
| 107 | | Canceled early and replaced by new MOU Access Services | GNI | |
| 108 | New England Memorandum of Understanding Amendment #3 | Canceled early and replaced by new MOU Access Services | GNI | |
| 109 | - | Canceled early and replaced by new MOU Access Services | GNI | |
| 110 | New England Memorandum of Understanding Amendment #5 | Canceled early and replaced by new MOU Access Services | GNI | |
| 111 | 5 Davis Farm Road, Portland, Maine Real Estate | Assigned to VIS on 11/25/2001 prior to scheduled termination date due to reorganization | GNI | |
| 112 | 5 Davis Farm Road, Portland, Maine Real Estate Amendment No.1 | Assigned to VIS on 11/25/2001 prior to scheduled termination date due to reorganization | GNI | |

| No. | Name of Agreement | Reason Terminated | Section 272 affiliate |
|-----|------------------------------------|---|-----------------------|
| | | Assigned to VIS on 11/25/2001 | |
| 113 | 770 Elm Street, Manchester, | prior to scheduled termination | GNI |
| | New Hampshire Real Estate | date due to reorganization | |
| | 770 Elm Street, Manchester, | Assigned to VIS on 11/25/2001 | |
| 114 | New Hampshire Real Estate | prior to scheduled termination | GNI |
| | Amendment #1 | date due to reorganization | |
| | 770 Elm Street, Manchester, | Assigned to VIS on 11/25/2001 | |
| 115 | New Hampshire Real Estate | prior to scheduled termination | GNI |
| | Amendment #2 | date due to reorganization | |
| | 345 Ellicott Street, Buffalo, New | Assigned to VIS on 11/25/2001 | |
| 116 | York Real Estate | prior to scheduled termination | GNI |
| | | date due to reorganization | |
| | | Assigned to VIS on 11/25/2001 | CNII |
| 117 | York Real Estate Amendment | prior to scheduled termination | GNI |
| | No. 1 | date due to reorganization | |
| 110 | 1204 Goodwill Avenue, | Assigned to VIS on 11/25/2001 | CMI |
| 118 | Cambridge, Maryland Real Estate | prior to scheduled termination date due to reorganization | GNI |
| | DC Memorandum of | date due to reorganization | |
| 119 | Understanding - #DC-MOU- | Canceled early and replaced by | GNI |
| 119 | FCC1 | new MOU Access Services | UNI |
| | DC Memorandum of | Canceled early and replaced by | |
| 120 | Understanding Amendment #1 | new MOU Access Services | GNI |
| | DC Memorandum of | Canceled early and replaced by | |
| 121 | Understanding Amendment #3 | new MOU Access Services | GNI |
| | DE Memorandum of | | |
| 122 | Understanding - #DC-MOU- | Canceled early and replaced by | GNI |
| | FCC1 | new MOU Access Services | |
| 100 | DE Memorandum of | Canceled early and replaced by | CNI |
| 123 | Understanding Amendment #1 | new MOU Access Services | GNI |
| 124 | DE Memorandum of | Canceled early and replaced by | GNI |
| 124 | Understanding Amendment #2 | new MOU Access Services | GINI |
| 125 | DE Memorandum of | Canceled early and replaced by | GNI |
| 123 | Understanding Amendment #3 | new MOU Access Services | ONI |
| 126 | DE Memorandum of | Canceled early and replaced by | GNI |
| 120 | Understanding Amendment #4 | new MOU Access Services | UNI |
| | MD Memorandum of | Canceled early and replaced by | |
| 127 | Understanding - #DC-MOU- | new MOU Access Services | GNI |
| | FCC1 | | |
| 128 | MD Memorandum of | Canceled early and replaced by | GNI |
| | Understanding Amendment #1 | new MOU Access Services | |
| 129 | MD Memorandum of | Canceled early and replaced by | GNI |
| | Understanding Amendment #3 | new MOU Access Services | |
| 130 | MD Memorandum of | Canceled early and replaced by | GNI |
| | Understanding Amendment #8 | new MOU Access Services | |
| 131 | NJ Memorandum of | Canceled early and replaced by | CMI |
| 131 | Understanding - #DC-MOU- FCC1 | new MOU Access Services | GNI |
| | NJ Memorandum of | Cancalad early and rankaged by | |
| 132 | Understanding Amendment #1 | Canceled early and replaced by new MOU Access Services | GNI |
| | NJ Memorandum of | Canceled early and replaced by | |
| 133 | Understanding Amendment #2 | new MOU Access Services | GNI |
| | Onderstanding Amendment #2 | new Mico Access Beiviers | |

| No. | Name of Agreement | Reason Terminated | Section 272 affiliate |
|-----|---|--|-----------------------|
| 134 | NJ Memorandum of | Canceled early and replaced by | GNI |
| 134 | Understanding Amendment #3 | new MOU Access Services | UNI |
| 135 | NJ Memorandum of | Canceled early and replaced by | GNI |
| 133 | Understanding Amendment #4 | new MOU Access Services | OIVI |
| 136 | NJ Memorandum of | Canceled early and replaced by | GNI |
| | Understanding Amendment #5 | new MOU Access Services | |
| 107 | PA Memorandum of | Canceled early and replaced by | CNII |
| 137 | Understanding - #DC-MOU-FCC1 | new MOU Access Services | GNI |
| | PA Memorandum of | Canadad aprily and rapid and by | |
| 138 | Understanding Amendment #1 | Canceled early and replaced by new MOU Access Services | GNI |
| | PA Memorandum of | Canceled early and replaced by | |
| 139 | Understanding Amendment #2 | new MOU Access Services | GNI |
| | PA Memorandum of | Canceled early and replaced by | |
| 140 | Understanding Amendment #3 | new MOU Access Services | GNI |
| | VA Memorandum of | | |
| 141 | Understanding - #DC-MOU- | Canceled early and replaced by | GNI |
| | FCC1 | new MOU Access Services | |
| 142 | VA Memorandum of | Canceled early and replaced by | CNII |
| 142 | Understanding Amendment #1 | new MOU Access Services | GNI |
| 143 | VA Memorandum of | Canceled early and replaced by | GNI |
| 143 | Understanding Amendment #3 | new MOU Access Services | UNI |
| 144 | VA Memorandum of | Canceled early and replaced by | GNI |
| 177 | Understanding Amendment #7 | new MOU Access Services | ON |
| | WV Memorandum of | Canceled early and replaced by | |
| 145 | Understanding - #DC-MOU- | new MOU Access Services | GNI |
| | FCC1 | | |
| 146 | WV Memorandum of | Canceled early and replaced by | GNI |
| | Understanding Amendment #1 WV Memorandum of | new MOU Access Services | |
| 147 | Understanding Amendment #3 | Canceled early and replaced by new MOU Access Services | GNI |
| | Memorandum of Understanding | new WOO Access Services | |
| 148 | Amendment #6 (DC, DE, MD, | Canceled early and replaced by | GNI |
| 170 | NJ, PA, VA, WV) | new MOU Access Services | GIVI |
| | , | Amendment below terminated | |
| 149 | Virginia Special Construction | this Agreement early due to | GNI |
| | Services #RCMD1 | change in business direction | |
| 150 | Virginia Special Construction | Termination of Agreement | CMI |
| 150 | Services Amendment No. 1 | above | GNI |
| 151 | Capacity Agreement | Terminated early and replaced | VSSI |
| 131 | cupacity Agreement | with a new capacity agreement | 4 DOI |
| | | Assigned from VSSI to Verizon | |
| 152 | Capacity Agreement | Long Distance ("VLD") due to | VSSI |
| | | an organizational restructure | |
| 152 | General Services Agreement and | VSSI removed as a party. | MOOI |
| 153 | Amendments 1-5 | Impacted services moved to another agreement | VSSI |
| | | With the cessation of the CLEC | |
| | Inside Wire Installation and | operations, this agreement was | |
| 154 | Repair Service Agreement and | no longer needed and therefore | VSSI |
| | Amendment 1 | was terminated | |
| | 1 | | |

| No. | Name of Agreement | Reason Terminated | Section 272 affiliate |
|------|---|---|-----------------------|
| 155 | | Terminated early and replaced | VSSI |
| 133 | Interconnection Agreement FL | by another agreement | V 351 |
| 156 | Interconnection Agreement IL | Terminated early and replaced | VSSI |
| 130 | Interconnection Agreement IL | by another agreement | V 551 |
| 157 | Interconnection Agreement MA | Terminated early due to change | VSSI |
| 157 | interconnection / igreement ivii i | in business direction | 7551 |
| 158 | Interconnection Agreement OR | Terminated early and replaced | VSSI |
| | | by another agreement | |
| 159 | Interconnection Agreement WA | Terminated early and replaced | VSSI |
| | | by another agreement | |
| 160 | Interconnection Resale Agreement NC | Terminated early due to change in business direction | VSSI |
| | Interconnection Resale | Terminated early due to change | |
| 161 | Agreement PA | in business direction | VSSI |
| | Interconnection Resale | Terminated early due to change | |
| 162 | Agreement PA - Bell Atlantic | in business direction | VSSI |
| 1.60 | Interconnection Resale | Terminated early due to change | TIGGI |
| 163 | Agreement SC | in business direction | VSSI |
| 164 | Interconnection Resale | Terminated early due to change | VCCI |
| 164 | Agreement WI | in business direction | VSSI |
| 165 | Lease Bishop | Terminated early due to change | VSSI |
| 103 | | in business direction | V 551 |
| 166 | Lease Kikowaena Place | Terminated early due to change | VSSI |
| 100 | Lease Kikowaciia i iace | in business direction | V 551 |
| | Marketing and Sales Agreement and Amendments 1-37 | VSSI removed as a party. | ***** |
| 167 | | Impacted services were moved | VSSI |
| - | | to another agreement | |
| | National Transport Network | Agreement assigned to Verizon Data Services Inc. This | |
| 168 | Agreement | agreement was assigned due to a | VSSI |
| | Agreement | business direction change | |
| | | Agreement assigned to Verizon | |
| 169 | National Transport Network | Data Services Inc. This | VSSI |
| 109 | Amendment | agreement was assigned due to a | V 551 |
| | | business direction change | |
| | | Agreement was terminated early | |
| 170 | OAM&P | due to NYC WTC disaster. | VSSI |
| | | Assets were destroyed and no | |
| - | | longer operational With the cessation of the CLEC | |
| | | operations, this agreement was | |
| 171 | Payment Agent Agreement | no longer needed and therefore | VSSI |
| | | was terminated | |
| | | Agreement assigned to VLD | |
| 172 | Retail PIC | from VSSI effective 03/19/2002. | VSSI |
| 1/2 | INGIAII FIC | Assignment issued due to | v 331 |
| | | organizational restructure | |
| 173 | Sales Agency Agreement and | Terminated early and replaced | VSSI |
| | Amendments 1-3 | by a new agreement | , 552 |
| 174 | Sales and Marketing Agreement | VSSI removed as a party. | VCCI |
| 174 | and Amendments 1-2 | Impacted services were moved | VSSI |
| | | to another agreement | |

| No. | Name of Agreement | Reason Terminated | Section 272 affiliate |
|-----|--|---|-----------------------|
| 175 | Sales and Marketing Agreement SOW Amendment 1 | VSSI removed as a party. Impacted services were moved to another agreement | VSSI |
| 176 | Software License Agreement - GTE Long Distance | Terminated early due to business need modification | VSSI |
| 177 | Tariff Special Access Services Terminated early and replaced by Access MOU | | VSSI |
| 178 | Warm Transfer and Amendment 1 | With the cessation of the CLEC operations, this agreement was no longer needed and therefore was terminated | VSSI |
| 179 | Wholesale Service Agreement and Amendment 1 | With the cessation of the CLEC operations, this agreement was no longer needed and therefore was terminated | VSSI |

We inquired of management regarding the provisioning of services without written agreements. Management indicated the following (Also Reference Appendix B-1, Objective V/VI, Procedure 4):

"During the engagement period of January 3, 2001 through September 30, 2002, the following instances describe the provisioning of services prior to the execution of a written agreement or amendment. All of the 9 instances have been reviewed and written agreements/amendments were executed as needed. In all cases, contracts were executed when the condition was identified. Since Verizon began its Section 272 compliance activities, more than 1300 contractual arrangements have been executed.

Of the 9 disclosures, 3 of these instances reflect GTE relationships/activities that were in place prior to the merger with Bell Atlantic and that continued without a contract for a period after the merger. All of the activities have since been contracted (for the past period) and terminated.

- In one case, VSSI was receiving certain administrative services in association with GTE's Car Allowance Program. The total billable amount for this activity was \$6.000.
- Two of the disclosures are associated with services (Pre-paid Calling Card and CARE) whose rates were erroneously excluded from the executed contracts. In both instances, the executed contracts contained rates for a multitude of services (i.e. Pre-paid card was 1 of 524 rates; CARE was 1 of more than 3000 tariffed rates).

Similarly, in one occurrence the availability of fraud management services and its associated rate were erroneously excluded from the executed Billing and Collections agreement. The Billing and Collections agreement contains approximately 90 rate elements; all but one were identified and posted correctly.

In two cases, a required contract amendment was not executed due to an administrative error. In one case, the administrative error was the ILECs' failure to include VSSI's carrier identification codes ("CICs") in the Billing and Collection agreement they executed with VSSI. In the other case, two of VLD's CICs were erroneously assigned to Verizon Hawaii International, Inc. and VSSI, respectively. All applicable rates, terms

and conditions were included in the original executed agreement. If an unaffiliated IXC had been interested in this service, the entity would have been provided with full information on the services available. The CICs at issue were only associated with VSSI and VLD.

Verizon was late in executing an affiliate contract for activities associated with Verizon's post September 11, 2001 reconstruction activities. Total billings associated with the uncontracted period totaled \$54,000. A contract has since been executed.

Finally, in the remaining two instances, the activities performed without a contract were very limited. Specifically, Project Management Services provided to VSSI resulted in \$80,000 of billable charges during the uncontracted period. In the case of the Operational Readiness Testing, only limited services associated with the contract were provided by VLD or VES to the ILECs in advance of the contract's execution.

The following describes the specific instances:

- <u>Project Management Services</u> this entailed Verizon New York's supervision of two
 project managers in VSSI who provided project management services to the Verizon
 West ILECs in connection with large business accounts. The services began on
 February 13, 2001. A written agreement was executed on November 11, 2002
 retroactive to the start of the services.
- <u>Billing Services Agreement (VSSI)</u> When a new Affiliate Billing Services
 Agreement ("BSA") was negotiated, various CICs for VSSI were not included in the
 agreement. The BSA was amended on December 18, 2002 to include such CICs for
 VSSI.
- <u>Billing Services Agreement (VLD)</u> When a new BSA was negotiated, two CICs were not assigned to VLD. Specifically, CICs 0015 and 6224 were erroneously assigned to Verizon Hawaii International, Inc. and Verizon Select Services Inc., respectively. An amendment is being executed to properly assign the CICs.
- Fraud Management Services ("FMS") under the Billing Services Agreement FMS were included in a written agreement between the 272 affiliates and the Verizon BOCs (former Bell Atlantic) until April 1, 2002, when a combined Verizon BOC and ILEC (former GTE) agreement was executed resulting in the termination of the original agreement. Inadvertently, the April 1, 2002 agreement did not include rates for FMS. A written amendment was executed on December 18, 2002 to correct this situation retroactively to April 1, 2002.
- Customer Account Records Exchange ("CARE") Products & Services Agreement On June 28, 2000, VSSI (former GTE 272 affiliate) and the former GTE ILECs executed an agreement to cover the provision of services provided by the GTE ILECs to VSSI pursuant to tariff. CARE products provided by the GTE ILECs to VSSI under the tariff were erroneously omitted from this agreement. This was corrected in May 2002, with the execution of a global Memo of Understanding between the Verizon 272 affiliates and the Verizon BOC/ILECs that documents any purchase of tariffed federal access services by the 272 affiliates from the Verizon BOC/ILEC

- tariffs. To further document the purchase of CARE products by the 272 affiliates, a written agreement for this purpose was executed in September 2002.
- Prepaid Calling Cards In reviewing the billing report of services billed by VSSI to BOCs and ILECs for the first 21 months of the engagement period, a separate item for prepaid calling cards was identified. This report was then compared to the agreement titled "Long Distance Telecommunications Agreement" and its 5 amendments. The agreement and amendments cover long distance services provided by VSSI to the Verizon BOC/ILECs. The original agreement did not contain a rate schedule for prepaid call cards. On November 19, 2001, Amendment 2 rate structure added prepaid call cards with an effective date of December 1, 2000. A revised rate schedule (Appendix A of the Agreement) was issued in January 25, 2002 within Amendment 3. However, the rate for prepaid cards was inadvertently omitted from Amendment 3. Therefore, from January 3, 2001 until November 19, 2001 and then again from January 25, 2002 forward, the Agreement did not include the rate element for prepaid calling cards. While the contract has been in effect during the entire engagement period, one price element was inadvertently omitted from the rate schedule. The rate schedule is being reviewed and the agreement will be updated as needed. Also, although these cards were also provided to Verizon BOC/ILECs during the engagement period, the Verizon BOC/ILECs were not added as parties to the Agreement until June 21, 2002.
- Master Services Agreement (MSA) for Ancillary Tasks VSSI is receiving certain
 administrative services in connection with the Car Allowance Program, however,
 these services were not included in the MSA above. Amendment # 3 to the MSA has
 been executed on December 19, 2002, which add the services retroactive to July 1,
 2000; these services will end on December 31, 2002.
- Unspecified Bit Rate Permanent Virtual Circuits This entails Verizon Global Networks Inc.'s provision of 14 UBR/PVC circuits to Verizon Advanced Data Inc. in conjunction with the damage caused by the terrorist attacks of September 11, 2001. On September 28, 2001, Verizon requested an emergency waiver of the Commission's section 272 separate affiliate safeguards in order to respond to the damage caused by the attacks. On October 10, 2001, the FCC granted Verizon a Special Temporary (90 day) Authority of the Section 272. VGNI began providing the circuits to VADI on September 14, 2001. On April 1, 2002, advanced data services were reintegrated into Verizon New York. As of that date, VGNI began providing these circuits to Verizon New York. These circuits remain in effect today. A written agreement has since been executed, retroactive to the start of these services.
- Operational Readiness Testing ("ORT") Services Operational Readiness Testing ("ORT") Services began on 11/22/02, and a contract was executed on 2/07/03. Two statements of work were also executed:
 - Statement of Work (SOW) for Operational Readiness Testing, service began on 12/12/02, executed on 2/07/03.
 - Statement of Work No. 2 for Enterprise Advance User Acceptance, service began on 11/22/02, executed on 2/21/03

Under this ORT services agreement, Verizon Long Distance and/or Verizon Enterprise Solutions has agreed to provide operational readiness testing for the

Verizon LECs in connection with LEC retail marketing campaigns (SOW) and the Enterprise Advance initiative (which is a nationwide network build out plan)(SOW #2). Under the agreement and both statements of work, VES and VLD will provide, among other deliverables, test planning, test case development, test execution, and provision of various reports associated with such testing. Compensation for the testing in connection with the LEC retail marketing campaigns (SOW) will not exceed \$1,458,400. Compensation for testing in connection with the Enterprise Advance initiative (SOW#2) has been set at a fixed price of \$1.524 million."

- 5. Using the sample of the agreements obtained in Procedure 4, we viewed each company's web site on the Internet:
 - http://www.verizonld.com/regnotices/index.cfm?OrgID=1 for VLD
 - http://www.verizonld.com/regnotices/index.cfm?OrgID=2 for VES
 - http://gni.verizon.com/RegRequirements.html for GNI
 - http://www22.verizon.com/longdistance/regulatory/index.jsp for VSSI

We noted that no GSI contracts were part of the sample of agreements obtained in Procedure 4 above.

We printed copies of the website postings for the 81 written agreements, including the corresponding 121 amendments, as of December 31, 2002. We compared the rates, terms and conditions of services between the web postings and the written agreements provided in Procedure 4 above and noted the following differences (Reference Tables 6 and 6a):

Table 6

| No. | Contract | Rates | Terms | Conditions |
|-----|---|-------|-------|------------|
| | VES | | | |
| 1 | Marketing and Sales Agreement | - | - | - |
| | Amendment No. 2 to Marketing and Sales Agreement | X | X | - |
| | Amendment No. 10 to Marketing and Sales Agreement | - | X | - |
| | Amendment No. 11 to Marketing and Sales Agreement | - | X | - |
| | Amendment No. 12 to Marketing and Sales Agreement | - | X | - |
| | Amendment No. 13 to Marketing and Sales Agreement | - | X | - |
| | Amendment No. 14 to Marketing and Sales Agreement | - | X | - |
| | Customer Account Record Exchange CARE Products | | | |
| 2 | and Services Agreement | - | X | - |
| | GNI | | | |
| 3 | Virginia Special Construction #VA2002-21762 | X | - | - |
| | VSSI | | | |
| 4 | Interconnection Resale Agreement IL | X | X | - |
| 5 | Interconnection Agreement WA | X | X | - |
| 6 | Interconnection Resale Agreement WI | X | X | - |
| 7 | Interconnection Resale Agreement NC | X | X | - |
| 8 | General Services Agreement | X | - | - |
| 9 | Long Distance Telecommunications Services | | | |
| | Agreement | X | - | - |
| 10 | Interconnection Resale Agreement TX | X | X | - |

| No. | Contract | Rates | Terms | Conditions |
|-----|---|-------|-------|------------|
| | Interconnection Resale Agreement TX Amendment 1 | X | ı | - |
| 11 | Interconnection Agreement KY | X | X | - |
| 12 | Interconnection Resale Agreement SC | X | X | - |
| 13 | Master Services Agreement for Ancillary Tasks | X | - | - |
| 14 | Retail PIC | X | - | - |
| 15 | Interconnection Resale Agreement OR | X | - | - |

Table 6a

| Ref. | Affiliate | Contract | Differences between the written |
|------|-----------|---|--|
| No. | Ailillate | Contract | agreements and the web postings |
| 1 | VES | Amendment No. 2 to Marketing and Sales Agreement | The effective date of the amendment (01/04/2000) does not match the effective date of the summary of the contract on the web (12/22/1999) |
| | VES | Amendment No. 10 to Marketing and Sales Agreement | The effective date of the amendment (06/06/2000) does not match the effective date of the summary of the contract on the web (12/22/1999) |
| | VES | Amendment No. 11 to Marketing and Sales Agreement | The effective date of the amendment (05/31/2000) does not match the effective date of the summary of the contract on the web (12/22/1999) |
| | VES | Amendment No. 12 to Marketing and Sales Agreement | The effective date of the amendment (06/05/2000) does not match the effective date of the summary of the contract on the web (12/22/1999) |
| | VES | Amendment No. 13 to Marketing and Sales Agreement | The effective date of the amendment (06/06/2000) does not match the effective date of the summary of the contract on the web (12/22/99 |
| | VES | Amendment No. 14 to Marketing and Sales Agreement | The effective date of the amendment (07/24/2000) does not match the effective date of the summary of the contract on the web (12/22/1999) |
| 2 | VES | Customer Account Record Exchange CARE Products and Services Agreement | The agreement states that it is in effect until cancelled by any party. The summary of the contract on the web lists the end of the contract period to be 09/26/2003 |
| 3 | GNI | Virginia Special Construction #VA2002- 21762 | The one time charge listed in the agreement (\$30,882) does not match the one time charge listed in the summary of the contract on the web (\$92,248) |
| 4 | VSSI | Interconnection Resale Agreement IL | The agreement states no effective date. The summary of the contract on the web |

[&]quot;-" - Indicates that related item is disclosed on website and agrees to written agreement.
"x" - Indicates related item on website does not agree to written agreement. Reference Table 6a for differences.

| Ref. No. | Affiliate | Contract | Differences between the written agreements and the web postings |
|-------------|-----------|---|---|
| | | | lists a specific contract period. Also, no rates were listed on the summary of the contract on the web |
| 5 | VSSI | Interconnection Agreement WA | The agreement states no effective date. The summary of the contract on the web lists a specific contract period. Also, no rates were listed on the summary of the contract on the web |
| 6 | VSSI | Interconnection Resale Agreement WI | The agreement states no effective date. The summary of the contract on the web lists a specific contract period. Also, no rates were listed on the summary of the contract on the web |
| 7 | VSSI | Interconnection Resale Agreement NC | The agreement states no effective date. The summary of the contract on the web lists a specific contract period. Also, no rates were listed on the summary of the contract on the web |
| 8 | VSSI | General Services Agreement | The agreement states that rates will be agreed upon on a per service basis. The summary of the contract on the web lists specific rates |
| 9 | VSSI | Long Distance Telecommunications Services Agreement | Rates posted on the website do not match those in the contract |
| 10 | VSSI | Interconnection Resale Agreement TX | The effective date in the agreement (05/30/1997) does not match the effective date on the summary of the contract on the web (09/01/1999). Also, no rates were listed on the summary of the contract on the web |
| | VSSI | Interconnection Resale Agreement TX Amendment 1 | The effective date in the agreement (06/14/2001) does not match the effective date on the summary of the contract on the web (07/02/2002) |
| 11 | VSSI | Interconnection Agreement KY | The agreement states no effective date. The summary of the contract on the web lists a specific contract period. Also, no rates were listed on the summary of the contract on the web |
| 12 | VSSI | Interconnection Resale Agreement SC | The agreement states no effective date. The summary of the contract on the web lists a specific contract period. Also, no rates were listed on the summary of the contract on the web |
| 13 | VSSI | Master Services Agreement for Ancillary Tasks | The agreement describes the methodology for deriving the rates. Actual rates for services are not specified in the |

| Ref. No. | Affiliate | Contract | Differences between the written agreements and the web postings |
|-------------|-----------|--|---|
| | | | agreement. The methodology for deriving the rates is not described on the summary of the contract on the web |
| 14 | VSSI | Retail PIC | The agreement describes the methodology for deriving the rates. Actual rates for services are not specified in the agreement. The methodology for deriving the rates is not described on the summary of the contract on the web |
| 15 | VSSI | Interconnection Resale Agreement OR | The summary of the contract on the web listed no rates |

We noted that 19 of the 81 written agreements were prepared in the form of Access Service Requests ("ASR"), which did not contain sufficiently detailed information necessary to enable us to agree the specific rates, terms, and conditions in the written agreements to their respective web postings (Reference Table 7). Management indicated that ASRs, coupled with applicable tariff pages, provide the terms and conditions for access service. Management indicated that requests for access service were originally handled on an individual basis using an ASR. A Memorandum of Understanding was subsequently written to include all access services.

Table 7

| No. | GNI |
|-----|---|
| 1 | Pennsylvania DS1 Services #PA-DS1 ADS104 |
| 2 | New York 56kbps #NY-C3OLK1 |
| 3 | New York Feature Group D (FG D) Service#NY-2T013B |
| 4 | New York Feature Group D (FG D) Service#NY-6T009A |
| 5 | New York Feature Group D (FG D) Service#NY-1T016B |
| 6 | New York Feature Group D (FG D) Service#NY-D42DSO |
| 7 | New York Feature Group D (FG D) Service#NY-1T010F |
| 8 | Bell Atlantic - PennsylvaniaDS1 Service#PA-1NB002 |
| 9 | New York Feature Group D (FG D) Service#NY-DFTDSO |
| 10 | New York Feature Group D (FG D) Service#NY-1T012A |
| 11 | New York Feature Group D (FG D) Service#NY-0T019A |
| 12 | New York Feature Group D (FG D) Service#NY-6T014C |
| 13 | New York Feature Group D (FG D) Service#NY-0T019D |
| 14 | New York Feature Group D (FG D) Service#NY-1T010E |
| 15 | New York DS3 Services #NY06T001A |
| 16 | New York Feature Group D (FG D) Service#NY-0T015C |
| 17 | New York Feature Group D (FG D) Service#NY-1T010B |
| 18 | New York 56kbps #NY-GOPLK1 |
| 19 | New York DS3 Service#NY-DS320T |

3 of the 81 written agreements were not posted on the Section 272(b)(5) website as of December 31, 2002 (Reference Table 8). Management indicated that each of these contracts

was removed one year after expiration as communicated to the Commission Staff and as discussed in Verizon's Section 271 applications.

Table 8

| No. | Affiliate | Contract |
|-----|-----------|--|
| 1 | VSSI | Capacity Agreement |
| 2 | VSSI | Assignment of Service Request Form Agreement |
| 3 | VSSI | Wholesale Service Agreement |

We visited four Verizon BOC/ILEC locations judgmentally selected by the Oversight Team, Massachusetts, New York, Pennsylvania, and Texas, to determine whether the same information in the written agreements obtained in Procedure 4 is made available for public inspection at the principal place of business of the Verizon BOC/ILECs. We inspected 87 written agreements, 13 of which were inspected in multiple states. We noted the following during our inspection of agreements:

• 8 agreements in total, 6 agreements in Pennsylvania, 1 agreement in Texas, 1 agreement in both Pennsylvania and Texas, were not available for public inspection during our visit (Reference Table 9). For Pennsylvania, we inquired of management and management indicated that 4 of the 6 agreements were available on CD-ROM and of the remaining 2 agreements, one had a hard copy that was available at the site for inspection.

Table 9

| No. | Part | ies | State of | Agreement |
|------|-------------|---|------------|---|
| 110. | Provided By | Provided To | Inspection | |
| 1 | GNI | VADI | PA | Service Agreement for Web Services |
| 2 | VSSI | Verizon New Jersey Inc.; Verizon Pennsylvania Inc.; Verizon Delaware Inc.; Verizon Maryland Inc.; Verizon Washington D.C., Inc.; Verizon Virginia Inc.; Verizon West Virginia Inc.; Verizon New York Inc.; Verizon New England Inc.; Verizon California Inc.; Verizon Florida Inc.; Verizon Hawaii Inc.; GTE Midwest Incorporated d/b/a Verizon North Inc., Verizon Northwest | PA | Master Services Agreement CPE - GTECC SOW Non- Regulated CPE Support Services |

| NI. | Part | ies | State of | A |
|-----|---|---|------------|---|
| No. | Provided By | Provided To | Inspection | Agreement |
| | | Inc.; Verizon South Inc.; GTE Southwest Incorporated d/b/a Verizon Southwest; Verizon West Coast Inc.; Contel of the South, Inc. d/b/a Verizon Mid-States. | | |
| 3 | Bell Atlantic - Delaware, Inc.; Bell Atlantic - Washington, D.C., Inc.; Bell Atlantic - Maryland, Inc.; Bell Atlantic - New Jersey, Inc.; Bell Atlantic - Pennsylvania, Inc.; Bell Atlantic - Virginia, Inc.; Bell Atlantic - West Virginia, Inc.; New York Telephone Company; New England Telephone & Telegraph Company; Bell Atlantic Communications, Inc.; NYNEX Long Distance Company | VLD | PA | Service Agreement for Data Exchange and Database Access Services |
| 4 | VADI | VLD, VES | PA | Memorandum of Understanding Service Express |
| 5 | VADI | VLD | PA | Memorandum of Understanding Fast Packet Services |
| 6 | VES | VADI | PA | Agreement for Use of Voice Mail System |
| 7 | GNI | VADI | TX | Service Agreement for Web Services |
| 8 | VSSI | Verizon New Jersey Inc.; Verizon Pennsylvania Inc.; Verizon Delaware Inc.; Verizon Maryland Inc.; Verizon Washington D.C., Inc.; Verizon Virginia Inc.; Verizon West Virginia Inc.; | TX | Master Services Agreement CPE - GTECC SOW Non- Regulated CPE Support Services |

| No. | Part | Parties | | Agraamant |
|------|-------------|-----------------------|------------|-----------|
| 110. | Provided By | Provided To | Inspection | Agreement |
| | | Verizon New York | | |
| | | Inc.; Verizon New | | |
| | | England Inc.; | | |
| | | Verizon California | | |
| | | Inc.; Verizon Florida | | |
| | | Inc.; Verizon Hawaii | | |
| | | Inc.; GTE Midwest | | |
| | | Incorporated d/b/a | | |
| | | Verizon Midwest; | | |
| | | Verizon North Inc., | | |
| | | Verizon Northwest | | |
| | | Inc.; Verizon South | | |
| | | Inc.; GTE Southwest | | |
| | | Incorporated d/b/a | | |
| | | Verizon Southwest; | | |
| | | Verizon West Coast | | |
| | | Inc.; Contel of the | | |
| | | South, Inc. d/b/a | | |
| | | Verizon Mid-States | | |

• During the inspection of agreements in New York, Massachusetts, Pennsylvania, and Texas, we noted that pages for 6 agreements were not available for inspection (Reference Table 10). We inquired of management and management indicated that 3 of the 6 agreements are available on CD-ROM and contain the missing information.

Table 10

| No. | Part | ties | State of | Agnooment |
|------|---|-------------|------------|---|
| 110. | Provided By | Provided To | Inspection | Agreement |
| 1 | New York Telephone Company | GNI | NY | Memorandum of Understanding Access Services (NY/CT) |
| 2 | Bell Atlantic - Delaware, Inc., Bell Atlantic - Washington, D.C Inc., Bell Atlantic - Maryland Inc., Bell Atlantic - New Jersey, Inc., Bell Atlantic - Pennsylvania, Inc., Bell Atlantic - Virginia, Inc., Bell Atlantic - West Virginia, Inc., New York Telephone Company, New England Telephone & Telegraph Company | VES | NY | Marketing and Sales Agreement |

| No. | Par | ties | State of | Agroomont |
|------|---|--|------------|----------------------------------|
| 110. | Provided By | Provided To | Inspection | Agreement |
| 3 | Bell Atlantic - Delaware, Inc., Bell Atlantic - Washington, D.C Inc., Bell Atlantic - Maryland Inc., Bell Atlantic - New Jersey, Inc., Bell Atlantic - Pennsylvania, Inc., Bell Atlantic - Virginia, Inc., Bell Atlantic - West Virginia, Inc., New York Telephone Company, New England Telephone & Telegraph Company | | MA | Marketing and Sales Agreement |
| 4 | Bell Atlantic - Delaware, Inc., Bell Atlantic - Washington, D.C Inc., Bell Atlantic - Maryland Inc., Bell Atlantic - New Jersey, Inc., Bell Atlantic - Pennsylvania, Inc., Bell Atlantic - Virginia, Inc., Bell Atlantic - West Virginia, Inc., New York Telephone Company, New England Telephone & Telegraph Company | | PA | Marketing and Sales Agreement |
| 5 | VSSI (formerly GTECC) | GTE Arkansas Inc., GTE California Inc., GTE Florida Inc., GTE Hawaiian Telephone Company Inc., GTE Midwest Inc., GTE North Inc., GTE Northwest Inc., GTE South Inc., GTE Southwest Inc., Contel of Minnesota, Inc. d/b/a GTE Minnesota, Contel of the South, Inc. d/b/a GTE Systems of the South | TX | Retail PIC |

| No. | Par | ties | State of | Agusamant |
|-----|---|-------------|------------|-------------------------------|
| NO. | Provided By | Provided To | Inspection | Agreement |
| 6 | Contel of the South, Inc. d/b/a Verizon Mid-States, GTE Midwest Inc., d/b/a Verizon Midwest, GTE Southwest Inc. d/b/a Verizon Southwest, Verizon California Inc., Verizon Delaware Inc., Verizon Florida Inc., Verizon Hawaii Inc., Verizon Hawaii Inc., Verizon New England Inc., Verizon New England Inc., Verizon New Jersey Inc., Verizon New Jersey Inc., Verizon North Inc., Verizon Northwest Inc., Verizon Northwest Inc., Verizon South Inc., Verizon South Inc., Verizon Virginia Inc., Verizon Washington D.C. Inc., Verizon West Coast Inc. | VLD | TX | Billing Services Agreement |

 During the inspection of agreements in New York, Massachusetts, Pennsylvania, and Texas, we noted that 7 agreements were available without dates on them (Reference Table 11). Management indicated that complete copies for 6 of the 7 agreements were available on CD-ROM. Management also indicated that the effective date for 1 of the 7 agreements is the date of the last signature of the contract, and is included on the signature page.

Table 11

| No. | Par | ties | State of | Agreement |
|------|---|--------------------|------------|---|
| 110. | Provided By | Provided To | Inspection | Agreement |
| 1 | New York Telephone Company | VES | NY | Memorandum of Understanding Access Services (NY/CT) |
| 2 | New York Telephone Company | VES | NY | Technical Services Agreement |
| 3 | Bell Atlantic - Delaware, Inc., Bell | VES | NY | Marketing and Sales Agreement |

| No. | Par | ties | State of | Agroomont |
|-----|---|---------------------|------------|-----------------------|
| NO. | Provided By | Provided To | Inspection | Agreement |
| | Atlantic - Washington, | | | |
| | D.C Inc., Bell Atlantic | | | |
| | - Maryland Inc., Bell | | | |
| | Atlantic - New Jersey, | | | |
| | Inc., Bell Atlantic - | | | |
| | Pennsylvania, Inc., | | | |
| | Bell Atlantic - | | | |
| | Virginia, Inc., Bell | | | |
| | Atlantic - West | | | |
| | Virginia, Inc., New | | | |
| | York Telephone | | | |
| | Company, New | | | |
| | England Telephone & | | | |
| | Telegraph Company | | | |
| | Bell Atlantic – | | | |
| | Delaware, Inc., Bell | | | |
| | Atlantic – Washington, | | | |
| | D.C., Inc., Bell | | | |
| | Atlantic – Maryland, | | | |
| | Inc., Bell Atlantic – | | | |
| | New Jersey, Inc., Bell | | | Service Agreement for |
| | Atlantic – | | | Data Exchange and |
| 4 | Pennsylvania, Inc., | VLD | MA | Database Access |
| | Bell Atlantic – | | | Services |
| | Virginia, Inc., Bell | | | |
| | Atlantic – West | | | |
| | Virginia, Inc., New | | | |
| | York Telephone | | | |
| | Company, New | | | |
| | England Telephone & | | | |
| | Telegraph Company | | | |
| | Bell Atlantic - | | | |
| | Delaware, Inc., Bell | | | |
| | Atlantic - Washington, | | | |
| | D.C Inc., Bell Atlantic | | | |
| | - Maryland Inc., Bell Atlantic - New Jersey, | | | |
| | Inc., Bell Atlantic - | | | |
| | Pennsylvania, Inc., | | | Marketing and Sales |
| 5 | Bell Atlantic - | VES | PA | Agreement |
| | Virginia, Inc., Bell | | | 151001110111 |
| | Atlantic - West | | | |
| | Virginia, Inc., New | | | |
| | York Telephone | | | |
| | Company, New | | | |
| | England Telephone & | | | |
| | Telegraph Company | | | |
| 6 | VSSI (formerly | GTE Arkansas Inc., | TX | Retail PIC |
| U | A DOT (TOTTICLE) | GIL / HRansas Inc., | 1 /1 | retuii i ie |

| No. | Par | ties | State of | Agraamant |
|------|--|---|------------|---|
| 110. | Provided By | Provided To | Inspection | Agreement |
| | GTECC) | GTE California Inc., GTE Florida Inc., GTE Hawaiian Telephone Company Inc., GTE Midwest Inc., GTE North Inc.; GTE Northwest Inc., GTE South Inc., GTE Southwest Inc., Contel of Minnesota, Inc. d/b/a GTE Minnesota, Contel of the South, Inc. d/b/a GTE Systems of the | | |
| 7 | GTE Alaska Inc., GTE Arkansas Inc., GTE California, Inc., GTE Florida, Inc., GTE Hawaiian Telephone Company Inc., GTE Midwest, Inc., GTE North Inc., GTE Northwest Inc., GTE South, Inc., GTE South, Inc., GTE Southwest Inc, Contel of Minnesota Inc. d/b/a GTE Minnesota, Contel of the South, Inc. d/b/a/ GTE Systems of the South, d/b/a GTE Systems of Indiana, d/b/a GTE Systems of Michigan | South VSSI (formerly GTECC) | TX | Master Services Agreement for Ancillary Tasks |

With regards to the results of our inspection of the sampled agreements, management indicated:

"PricewaterhouseCoopers visited 4 of 17 Verizon public inspection sites and collectively, inspected 87 contracts. On average, each site maintains about 400 separate contracts. It should be noted that the volume of paper maintained at these sites is substantial. The process of maintaining these files is mostly manual. In the five years that Verizon has maintained these public inspection sites, Verizon has received only four requests to inspect the contracts. No requests have come from an Interexchange Carrier since the Year 2000. In total, these sites required at the BOC/ILEC headquarter locations require Verizon to maintain over 8000 contracts, constituting several thousand pages."

We compared the execution date to the post date for the web postings for the 81 written agreements and the corresponding 121 amendments and noted the following:

• We inquired of management and management indicated that the following late postings were due to administrative errors (Reference Table 12):

Table 12

| 1 abi | e 12 | | |
|-------------|---|------------|------------|
| N .T | | Execution | D . D . |
| No. | Agreement/Amendment | Date | Post Date |
| | VLD | | |
| 1 | Payment Agent Agreement | 01/12/2001 | 02/14/2001 |
| | VES | | |
| 2 | Memorandum of Understanding (NY/CT) Amendment No. 6 | 07/01/2000 | 02/09/2001 |
| | GNI | | |
| 3 | Bell Atlantic, New England, Inc ISDN Services | 06/15/1998 | 07/15/1998 |
| 4 | Bell Atlantic, New Hampshire TELECOMSVC | 06/15/1998 | 07/15/1998 |
| | VSSI | | |
| 5 | Vendor Services Agreement | 01/04/2001 | 01/26/2001 |
| 6 | General Services Agreement Amendment 3 | 12/21/2001 | 01/03/2002 |
| 7 | Lease Kikowaena Place | 09/26/2001 | 12/04/2001 |
| 8 | Interconnection Resale Agreement TX Amendment 1 | 06/14/2001 | 07/08/2002 |

• We inquired of management and management indicated that the following late postings were due to the Bell Atlantic/GTE Merger, as GTE had no 272(b)(5) obligations prior to the merger (Reference Table 13).

Table 13

| | | Execution | |
|-----|--|------------|------------|
| No. | Agreement/Amendment | Date | Post Date |
| | VSSI | | |
| 1 | Interconnection Resale Agreement Pennsylvania – Bell Atlantic | 06/25/1998 | 06/28/2000 |
| 2 | Professional Services | 10/24/1999 | 06/28/2000 |
| 3 | Interconnection Agreement Washington | 04/26/1999 | 06/28/2000 |
| 4 | Interconnection Resale Agreement Wisconsin | 05/12/1998 | 06/28/2000 |
| 5 | Interconnection Resale Agreement North Carolina | 11/03/1997 | 06/28/2000 |
| 6 | General Services Agreement | 02/21/1996 | 06/28/2000 |
| 7 | General Services Agreement Amendment 1 | 02/21/2000 | 06/28/2000 |
| 8 | Long Distance Telecommunications Services Agreement | 02/25/1997 | 06/28/2000 |
| 9 | Long Distance Telecommunications Services Agreement Amendment 1 | 02/17/2000 | 06/28/2000 |
| 10 | Interconnection Resale Agreement Texas | 05/30/1997 | 06/28/2000 |
| 11 | Interconnection Agreement Kentucky | 09/23/1999 | 06/28/2000 |

| | | Execution | |
|-----|---|------------|------------|
| No. | Agreement/Amendment | Date | Post Date |
| | Interconnection Resale Agreement South Carolina | 11/03/1997 | 06/28/2000 |
| 13 | Master Services Agreement for Ancillary Tasks | 03/31/2000 | 06/28/2000 |
| 14 | Retail PIC | 08/15/1997 | 06/28/2000 |

• We inquired of management and management indicated that the following late postings are due to the affiliate not becoming a party to the agreement until a later amendment (Reference Table 14).

Table 14

| | | Execution | |
|-----|--|------------|------------|
| No. | Agreement/Amendment | Date | Post Date |
| | VLD | | |
| 1 | Memorandum of Understanding Access Services (expired) | 06/28/2000 | 11/13/2001 |
| | VES | | |
| 2 | Technical Services Agreement | 12/02/1998 | 09/09/1999 |
| 3 | Technical Services Agreement Amendment 01 | 05/04/1999 | 09/09/1999 |
| 4 | Technical Services Agreement Amendment 02 | 08/13/1999 | 09/09/1999 |
| 5 | Technical Services Agreement Amendment 07 | 04/26/2000 | 05/09/2000 |
| | GNI | | |
| 6 | Memorandum of Understanding Conference Connection | 06/01/2001 | 07/02/2002 |
| 7 | Memorandum of Understanding Conference Connection Amendment No. 1 | 06/01/2001 | 07/02/2002 |

• Management also self disclosed a list of agreements which were posted after ten days of signing the agreement or the provisioning of the service (Reference Table 15). These agreements were not included in our sample in Procedure 4 above.

Table 15

| Nα | Agreement/Amendment | Execution Date | Post Date |
|-----|--|----------------|------------|
| 110 | VLD | Date | 1 Ost Date |
| 1 | Amendment No. 17 to Marketing and Sales Agreement (All Jurisdictions) | 09/21/2000 | 10/09/2000 |
| | VES | | |
| 2 | Amendment No. 17 to Marketing and Sales Agreement (All Jurisdictions) | 09/21/2000 | 10/05/2000 |
| 3 | Amendment No, 20 to Marketing and Sales Agreement (All Jurisdictions) | 10/23/2000 | 11/02/2000 |
| | VSSI | | |
| 4 | Billing Services Agreement Amendment 1 | 12/31/1999 | 06/11/2001 |
| 5 | Billing Services Agreement Amendment 2 | 02/21/2000 | 06/11/2001 |

| | | Execution | |
|----|--|------------|------------|
| Nα | Agreement/Amendment | Date | Post Date |
| 6 | Billing Services Agreement Amendment 3 | 04/07/2000 | 06/11/2001 |
| 7 | Communications Systems Agreement | 12/20/2001 | 06/06/2002 |
| 8 | General Services Agreement Amendment 3 | 12/21/2001 | 01/03/2002 |
| 9 | Help Desk Service Agreement | 09/08/2000 | 05/20/2001 |
| 10 | Bishop Hawaii Lease Agreement | 11/16/2001 | 12/04/2001 |
| 11 | Long Distance Voice Services Agreement | 09/25/2001 | 11/21/2001 |
| 12 | Maintenance Agreement | 11/29/2000 | 11/26/2001 |
| 13 | Marketing and Sales Agreement | 01/10/2001 | 01/26/2001 |
| 14 | Marketing and Sales Agreement Amendment 1-25 | 01/10/2001 | 01/26/2001 |
| 15 | Master Services Agreement CPE – SOW | 12/28/2000 | 04/19/2002 |
| 16 | Master Services Agreement CPE – SOW Amendment 1 | 01/10/2001 | 04/19/2002 |
| 17 | National Directory Assistance Agreement Amendment 1 | 11/10/1999 | 06/11/2001 |
| 18 | OAM&P | 09/11/2000 | 10/04/2000 |
| 19 | Operator Assistance Agreement | 09/19/2000 | 11/01/2000 |
| 20 | Sales and Marketing Agreement Amendment 1 | 06/01/2001 | 06/14/2001 |
| 21 | Sales and Marketing Agreement SOW Amendment 1 | 11/17/2000 | 06/01/2001 |
| 22 | Transfer Information | 01/08/2001 | 03/22/2001 |

We noted that each affiliate has made available on their website their procedures for posting contract summaries on a timely basis.

We reviewed the web postings for the following to allow evaluation for compliance with accounting rules (CC Docket No. 96-150, Report and Order, paragraph 122):

- Frequency of recurring transactions
- The approximate date of completed transactions
- Type of personnel assigned to the project
- The level of expertise of such personnel (including the associated rate per service unit)
- Special equipment
- Whether they stated if the hourly rate is a fully loaded rate
- Whether or not the rate includes the cost of materials and all direct and indirect miscellaneous and overhead costs for goods and services priced at Fully Distributed Cost ("FDC")

We noted the following agreements did not contain some of the required disclosures for posting (Reference Table 16). We inquired of management and management indicated the missing disclosures were due to administrative errors.

Table 16

| i | or arms | | | | | | | | | | |
|---|---|---|---------------------------------------|------------------------|-------------------|--------------------|----------------------|--------------------|---|---|-----------------------------|
| # | Contract | Frequency of Recurring Completed Transactions Transaction | Approx. Date of Completed Transaction | Number of Personnel | Personnel Type | Expertise Level | Special Equipment | Completion Time | Fully Loaded | Material Cost | Misc. & Overhead Cost |
| | | | | | VLD | | | | | | |
| - | Memorandum of Understanding (Access Services) | × | 1 | 1 | 1 | I | 1 | 1 | We noted from the v the services were pr Tariff or PMP rates. | We noted from the web postings that the services were priced at either Tariff or PMP rates. | oostings that at either |
| 2 | Billing and Collections Services Agreement | - | - | - | | ı | ı | ı | X | X | X |
| | | | | | VES | | | | | | |
| 3 | Marketing and Sales Agreement | - | - | - | - | - | - | - | - | - | - |
| | Amendment No. 2 to Marketing and Sales Agreement | Х | 1 | X | x | × | - | 1 | X | X | × |
| | Amendment No. 14 to Marketing and Sales Agreement | | - | 1 | 1 | ı | 1 | 1 | X | X | × |
| | Amendment No. 15 to Marketing and Sales Agreement | - | ı | - | 1 | 1 | 1 | 1 | × | × | × |
| | Amendment No. 16 to Marketing and Sales Agreement | 1 | - | 1 | 1 | 1 | 1 | 1 | X | × | × |
| | Amendment No. 18 to Marketing and Sales Agreement | | 1 | 1 | ı | ı | 1 | ı | X | X | × |
| | Amendment No. 19 to Marketing and Sales Agreement | | 1 | 1 | 1 | ı | 1 | 1 | X | X | × |
| | Amendment No. 22 to Marketing and Sales Agreement | 1 | 1 | 1 | 1 | ı | 1 | 1 | X | × | × |

| # | Contract | Frequency of Recurring Transactions | Approx. Date of Completed Transaction | Number of Personnel | Personnel Type | Expertise Level | Special Equipment | Completion Time | Fully Loaded | Material Cost | Misc. & Overhead Cost |
|---|---|---|---------------------------------------|------------------------|-------------------|--------------------|----------------------|--------------------|-----------------|------------------|-----------------------------|
| | Amendment No. 23 to Marketing and Sales Agreement | ı | 1 | 1 | 1 | ı | - | ı | X | × | x |
| | Amendment No. 24 to Marketing and Sales Agreement | ı | 1 | 1 | 1 | ı | - | ı | × | × | x |
| | Amendment No. 26 to Marketing and Sales Agreement | ı | 1 | 1 | 1 | ı | - | ı | × | × | x |
| | Amendment No. 27 to Marketing and Sales Agreement | ı | 1 | 1 | - | 1 | - | - | X | X | Х |
| | Amendment No. 28 to Marketing and Sales Agreement | ı | 1 | 1 | - | 1 | - | 1 | X | X | Х |
| | Amendment No. 29 to Marketing and Sales Agreement | ı | 1 | 1 | 1 | - | - | ı | X | X | Х |
| | Amendment No. 32 to Marketing and Sales Agreement | ı | 1 | 1 | - | 1 | - | 1 | X | X | Х |
| | Amendment No. 33 to Marketing and Sales Agreement | ı | 1 | 1 | - | 1 | - | 1 | X | X | Х |
| | Amendment No. 34 to Marketing and Sales Agreement | ı | 1 | 1 | - | 1 | - | 1 | X | X | Х |
| | Amendment No. 35 to Marketing and Sales Agreement | | 1 | 1 | ı | 1 | 1 | 1 | × | × | X |

Appendix A: 46

| # | Contract | Frequency of Recurring Transactions | Approx. Date of Completed Transaction | Number of Personnel | Personnel Type | Expertise Level | Special Equipment | Completion Time | Fully Loaded | Material Cost | Misc. & Overhead Cost |
|---|---|---|---------------------------------------|------------------------|-------------------|--------------------|----------------------|--------------------|--|---|--|
| | Amendment No. 38 to Marketing and Sales Agreement | 1 | ı | 1 | ı | ı | 1 | 1 | × | X | × |
| | Amendment No. 39 to Marketing and Sales Agreement | ı | ı | 1 | ı | ı | ı | 1 | × | × | × |
| | | | | | GNI | | | | | | |
| 4 | Service Agreement for Web Services | ı | 1 | 1 | 1 | 1 | | - | X | X | Х |
| | | | | | | | | | | | |
| 5 | Bell Atlantic - PennsylvaniaDS1 Service#PA-1NB002 | 1 | × | 1 | 1 | ı | 1 | Х | We noted from the v the services were pr Tariff or PMP rates | We noted from the web postings the services were priced at either Tariff or PMP rates | We noted from the web postings that the services were priced at either Tariff or PMP rates |
| 9 | New York 56kbps #NY- GOPLK1 | ı | × | 1 | ı | ı | ı | × | We noted from the the services were pr Tariff or PMP rates | We noted from the web postings the services were priced at either Tariff or PMP rates | We noted from the web postings that the services were priced at either Tariff or PMP rates |
| | | | | | VSSI | | | | | | |
| 7 | Long Distance Telecommunications Services Agreement | 1 | ı | 1 | 1 | 1 | - | - | - | - | ı |
| | Long Distance Telecommunications Services Agreement Amendment 3 | × | ı | ı | ı | ı | ı | 1 | ı | 1 | ı |
| | Long Distance Telecommunications Services Agreement Amendment 5 | x | 1 | 1 | 1 | ı | 1 | 1 | | • | 1 |

Appendix A: 47

| # | Contract | Frequency of Recurring Completed Personnel Transactions | Approx. Date of Completed Transaction | Number of Personnel | Personnel Type | Expertise Level | Special Equipment | Approx.Date of CompletedNumber of PersonnelPersonnelExpertiseSpecialCompletionFullyCompleted PersonnelTypeLevelEquipmentTimeLoaded | Fully Loaded | Material Cost | Misc. & Overhead Cost |
|---|---|---|---------------------------------------|------------------------|-------------------|--------------------|----------------------|--|--|--|---|
| ∞ | Master Services Agreement CPE - 8 GTECC SOW Non- Regulated CPE Support Services | 1 | 1 | × | 1 | ı | | 1 | ı | 1 | 1 |
| 6 | Subcontract Agreement & Custom Work Order | × | ı | x | × | X | 1 | 1 | We noted from the v the services were pr Tariff or PMP rates | We noted from the web postings he services were priced at either Tariff or PMP rates | We noted from the web postings that he services were priced at either Tariff or PMP rates |

[&]quot;-" – Indicates that the related item is disclosed on website and agrees to the written agreement. "x" – Indicates that the information is not disclosed on website

Appendix A: 48

We inquired of management as to the reason for the discrepancies noted throughout this procedure, and management indicated the following:

"PricewaterhouseCoopers' assessment for this procedure for the Year 2002 Section 272 Biennial Audit is comprised of a 16-point comparison between a contract and its associated web posting. A match within a category is denoted with a "-" and a potential discrepancy with an "x".

It should be noted that there is not a 1-to-1 correlation between a match, "-", and the number of data entries reviewed within a particular category. For example, some of the contracts reviewed contain thousands of rate elements (e.g., Access Service Agreements and other Telecommunications Services Agreements). More than half of the 16 categories assessed by PwC requires the successful mapping of multiple data elements to achieve a match, "-".

Moreover, more than half of the noted discrepancies are associated with one posting oversight: failure to add a one-sentence description of the components of Verizon's Fully Distributed Cost ("FDC") calculations¹. Because PricewaterhouseCoopers was looking for three specific disclosures² within the FDC sentence, it noted three discrepancies each time the definition wasn't displayed. Moreover, almost all of these "FDC description" errors are attributable to one of the Verizon Section 272 affiliates, Verizon Enterprise Solutions. Verizon reported that this affiliate inadvertently stopped including this definition in its write up for several months. Missing the definition of fully distributed cost, however, would not appear to be critical to an unaffiliated carrier's decision to purchase the service from Verizon.

Almost all of the remaining reported discrepancies fall into 3 basic categories reviewed, rates, terms, and late postings.

<u>Rates</u> - More than half of the discrepancies, where a contract/amendment and its associated web posting do not display matching rates, are associated with publicly available interconnection agreements in the former GTE territory. All but one of the remaining occurrences involves contracts that contain multiple rate elements (one contract has as many as 523 elements - 522 rates were posted correctly and 1 rate was missing).

<u>Terms</u> - Half of these discrepancies are associated with publicly available Verizon Select Services (VSSI) interconnection agreements in the former GTE footprint. Since final versions of these agreements are submitted for state commission approval before they can go into effect, it is impossible for Verizon to satisfy the test, since the terms are defined by the commission's order and not the dates listed in the agreement. Almost all of the remaining occurrences are common to the amendments for one particular contract.

¹ For transactions recorded at fully distributed cost ("FDC"), Verizon customarily adds the following description of FDC to its web pages: "FDC rates are fully loaded rates, which include the cost of materials and all direct and indirect miscellaneous and overhead costs." This requirement originated in the FCC's Memorandum Opinion and Order, FCC98-271, on Bell South's application for Section 271 authority in Louisiana, released on October 13, 1998. In paragraph 337, the Order stated, "BellSouth should also state whether the hourly rate is a fully-loaded rate, and whether or not that rate includes the cost of materials and all direct or indirect miscellaneous and overhead costs, so that we can evaluate compliance with our accounting safeguards." This definition of FDC is the same for current ILEC transactions with LD affiliates as it has been, since 1989, for transactions between an ILEC and any of its non-regulated affiliates; as such, its use adds no new information for a third party reviewing the transaction.

² The separate disclosures were: that the published rate is fully loaded, that it includes the cost of materials, and that it includes all miscellaneous and overhead costs.

<u>Late Postings</u> - Almost all of the noted instances of late postings are associated with contracts executed prior to 2001. Only two occurred within 2002. One of these was late due to the Christmas/New Year holiday.

Internal Controls

As a result of Verizon's Year 2000 Section 272 Biennial Audit Report, filed on June 11, 2001, Verizon identified certain issues for additional review, including Verizon's web posting procedures. Management evaluated the existing controls to determine if additional controls or processes were needed. Where opportunities for improvements were identified, an implementation schedule was established and tracked for completion. In August 2001, the Section 272 affiliates' regulatory and vendor management organizations developed and implemented additional internal controls to ensure the accuracy and timeliness of web postings.

Revised web posting procedures were developed, implemented and posted on the Verizon Section 272 affiliates' websites in late October 2001. The web site entries were reviewed to ensure consistency with the updated practices and procedures. Additional internal controls incorporated in the process included:

- Section 272 Contract Administrator notifies employee with web posting responsibilities of new agreement or amendments prior to execution date.
- Section 272 Contract Administrator is responsible for comparing web posting to final executed agreement to ensure consistency.

Verizon also developed a comprehensive Affiliate Transactions Guideline for contracting services between Verizon ILECs and Verizon nonregulated affiliates (including the Section 272 affiliates). The Guideline incorporates previously issued contracting and pricing guidelines. The Guideline was finalized and made available on Verizon's intranet in October 2002."

6. We requested a listing and amounts of services rendered by month by the Verizon BOC/ILECs to each Section 272 affiliate from January 3, 2001 through September 30, 2002. Management indicated that the services made available to the Section 272 affiliates and not made available to third parties were marketing and sales services. We inquired of management and management indicated that VLD, VES, and VSSI were the only Section 272 affiliates that purchased marketing and sales services from January 3, 2001 through September 30, 2002. From a list of 828 transactions for VLD, VES, and VSSI, we selected a random sample of 88 marketing and sales transactions. For the sample selected, we obtained the Fully Distributed Cost ("FDC") and the Fair Market Value ("FMV") unit charges for the services as well as journal entries for the Verizon BOC/ILEC to determine whether these transactions were recorded in the books of the Verizon BOC/ILECs in accordance with the affiliate transactions rules. We also requested copies of invoices for the sample that reflect the unit charges for the transactions.

For 83 of the 88 transactions, we compared the unit charges in the invoice to FDC and FMV, and noted that these unit charges were priced at the higher of either FDC or FMV. We traced the invoiced amount to the books of the Verizon BOC/ILEC and noted no differences. For the 83 transactions, we compared the amount the Section 272 affiliate has recorded in its books to the amount the Section 272 affiliate paid and noted no differences.

For 4 of the 88 transactions, the amount for the sample selected was a credit balance and the invoice did not contain unit charges. We traced the invoiced amount to the books of the Verizon BOC/ILEC and noted no differences.

For 1 of the 88 transactions, management indicated that the invoice was billed in error. We traced the original invoice amount to the books of the Verizon BOC/ILEC and noted no differences. We also obtained the subsequent reversing journal entry from management.

7. We requested a listing and amounts of services rendered by month to the Verizon BOC/ILEC by each Section 272 affiliate from January 3, 2001 through September 30, 2002.

Management indicated no services were provided by GSI to the Verizon BOC/ILECs.

Management indicated that the list of services was compiled using the Section 272 affiliates' journal entries. We selected a random sample of 87 transactions from a population of 516.

For the sample selected, we requested unit charges to compare to tariff, PMP, FDC, or FMV rates, as appropriate, to determine whether these services were recorded in the books of the Verizon BOC/ILEC in accordance with the affiliate transaction rules. We noted the following for the sample selected:

- For 72 of 87 sample items, management indicated that the service was priced at PMP and that the sales of the service to third parties consisted of more than 25% of the total quantity of the service sold to the 272 affiliates.
 - 93.4% of revenue for CPE related services was from non-affiliates.
 - 31.8% of revenue for Long Distance Voice was from non-affiliates.
 - 77.2% of revenue for Prepaid Calling Cards was from non-affiliates.
- For 15 of 87 sample items, management indicated that the service was priced at FDC. Management indicated that the estimated annual billing to the Verizon BOC/ILEC does not exceed the \$500,000 threshold per service that requires carriers to make a good faith determination of fair market value.

For the sample selected, we requested for the amounts recorded and paid by the Verizon BOC/ILECs and noted the following:

- For 55 of 87 sample items, we compared the invoiced amount to the amount recorded in the Verizon BOC/ILECs' books and noted no differences. We compared the amounts recorded and paid by the Verizon BOC/ILECs' and noted no differences.
- For 11 of 87 sample items, management indicated the sample selected were for amounts related to prepaid maintenance amortization. Management indicated these sample items represent customers who opted to prepay maintenance for a portion of or the entire length of the contract. The sample selected represents the Section 272 affiliate's recognition of the deferred revenue.
- For 4 of 87 sample items, management indicated the sample selected were for amounts related to revenue recognition journal entries. Management indicated that VSSI invoices as a percentage of contract completes but recognizes revenue when the cost is incurred.
- For 2 of 87 sample items, management indicated the amounts related to cancelled contracts, which were later credited.
- For 2 of 87 sample items, management indicated the Verizon BOC/ILEC has not yet been invoiced by the Section 272 affiliate (Reference Table 17).

Table 17

| No. | Service | Date | Charge |
|-----|-----------|------------|-------------|
| 1 | CPE Other | 08/01/2002 | \$ 1,597.52 |
| 2 | CPE Other | 08/01/2002 | \$ 896.56 |

- For 2 of 87 samples, management indicated the amount represents a credit in the books of the Section 272 affiliates.
- For 10 of 87 samples, management indicated they were unable to locate the corresponding amount in the Verizon BOC/ILECs' books (Reference Table 18).

Table 18

| No. | Service | Date | Charge |
|-----|----------------------|--------------|--------------|
| 1 | LD Voice | 02/01/2001 | \$ 1.10 |
| 2 | LD Voice | 02/01/2001 | \$ 0.27 |
| 3 | Prepaid card service | January 2001 | \$ 2,865.00 |
| 4 | LD Voice | 08/01/2001 | \$ 5.70 |
| 5 | LD Voice | 08/01/2001 | \$ 5,533.56 |
| 6 | CPE MAC | 04/01/2001 | \$ (75.00) |
| 7 | CPE MAC | 04/01/2001 | \$ (30.00) |
| 8 | CPE Other | 04/01/2002 | \$ 1,295.97 |
| 9 | CPE Other | 04/01/2002 | \$ 11,070.04 |
| 10 | CPE Maint | 03/01/2001 | \$ (90.00) |

- For 1 of 87 samples, management indicated that the invoiced amount was billed to a non-Verizon customer and should not have been included in the population.
- 8. We obtained the balance sheets and detailed listings of fixed assets for the Section 272 affiliates as of September 30, 2002. We performed the procedures indicated for Objective I, Procedure 5.

We inquired of management and management indicated there were no fixed assets purchased or transferred from the Verizon BOC/ILECs to the Section 272 affiliates from January 3, 2001 through September 30, 2002.

We inquired of management and management indicated that there were no assets purchased or transferred to VLD, VES, or GSI from another affiliate. Management indicated that GNI purchased certain assets from another affiliate, Verizon Network Integration ("VNI"), and management also indicated that none of the assets purchased from VNI previously belonged to a Verizon BOC/ILEC. Management indicated that VSSI purchased certain assets from other affiliates, Verizon Hawaii International and 1421 GTE.Net, but that none of these assets previously belonged to a Verizon BOC/ILEC.

We inquired of management and management indicated that there were no assets purchased or transferred to the Section 272 affiliates from the Verizon BOC/ILECs, either directly or through another affiliate, since January 3, 2001.

9. For the Section 272 affiliates, we requested from management a list of assets and/or services priced pursuant to Section 252(e) or Section 252(f). Management indicated that VLD, VES, GNI, and GSI did not purchase any assets and/or services priced pursuant to Sections 252(e)

and 252(f). For VSSI, we obtained a listing of 301,358 invoices priced pursuant to Section 252(e) from which we selected a statistically valid sample of 100 invoices. We obtained the selected invoices and compared the rates the Verizon BOC/ILECs charged VSSI to the rates on the interconnection agreements. We inquired of management and management indicated that all billed items selected were related to local resale services, which according to the interconnection agreements, were priced at a percentage discount of the tariff rates.

For 96 of the 100 invoices tested, we noted no differences. For 4 invoices, we noted the following (certain invoices contain more than one difference):

• Two invoices contained unit rates for billed items that did not match the tariff rate less the applicable discount as noted in the interconnection agreements. Management indicated that under Merger Condition XII, a 32% resale discount was applied instead of the discount rate stated in the interconnection agreements. We noted that the unit rates for billed items matched the tariff rate after the application of the 32% resale discount. (Reference Table 19A).

Table 19A

| No. | State | Billed Item | Unit Rate Charged | Tariff, Less Applicable Discount |
|-----|-------|---|----------------------|--|
| | | Caller ID - Name and Number | \$ 5.41 | \$ 6.97 |
| 1 | CA | Call Waiting/Cancel Call Waiting | \$ 2.72 | \$ 3.52 |
| | | Residence Line (Flat Rate Service 2) | \$ 11.73 | \$ 15.18 |
| | | Number Not Listed in Directory Assistance | \$ 1.02 | \$ 1.32 |
| | | Extended Area Service (Band 3) | \$ 2.38 | \$ 2.70 |
| | | Residence Line (Band 3) | \$ 4.83 | \$ 5.47 |
| 2 | TX | Caller ID - Name and Number w/ACB | \$ 4.59 | \$ 6.12 |
| | | Call Waiting | \$ 1.22 | \$ 1.39 |
| | | Number Not listed in Directory Assistance | \$ 1.12 | \$ 1.27 |

• Two invoices contained unit rates for billed items that did not match the tariff rate less the applicable discount as noted in the interconnection agreements. Management indicated that an additional fee for Extended Area Service in the Palm Springs Exchange was included in the Residence Line charge. We noted that the unit rates for billed items matched the tariff rate after the application of the additional fee (Reference Table 19B).

Table 19B

| | | | | Tariff, Less |
|-----|-------|--------------------------------------|-----------|--------------|
| | | | Unit Rate | Applicable |
| No. | State | Billed Item | Charged | Discount |
| 1 | CA | Residence Line (Flat Rate Service 2) | \$ 15.58 | \$15.18 |
| 2 | CA | Residence Line (Flat Rate Service 2) | \$ 15.58 | \$15.18 |

• 1 of the 4 invoices contained a billed item charged at the tariff rate without applying the wholesale discount (Reference Table 19C).

Table 19C

| | | | Unit Rate | Tariff, Less Applicable |
|-----|-------|-----------------|-----------|----------------------------|
| No. | State | Billed Item | Charged | Discount |
| 1 | WA | Call Waiting ID | \$ 0.35 | \$ 0.28 |

• 1 of the 4 invoices contained a billed item that did not match the tariff rate when applying the appropriate state discount or the resale discount applicable under Merger Condition XII (Reference Table 19D).

Table 19D

| No. | State | Billed Item | Unit Rate Charged | Tariff, Less Applicable Discount |
|-----|-------|---------------------|----------------------|--|
| 1 | TX | Cancel Call Waiting | \$ 0.91 | \$ 0.69 |

10. We inquired of management and management indicated that no part of the Verizon BOC/ILEC's Official Services network was transferred or sold to the Section 272 affiliates from January 3, 2001 through January 2, 2003.

Objective VII: The BOC May Not Discriminate Against Any Entity in the Provision of Goods and Services

- 1. We requested from the Verizon BOCs the procurement awards to each Section 272 affiliate from January 3, 2001 through September 30, 2002. Management indicated these services were provided to the BOCs on a sole source basis without soliciting bids:
 - "Prepaid Calling Cards VSSI Card Services provided pre-paid calling cards to the BOCs, including cards with custom artwork, for use at corporate events as give-away items. The service has been terminated.
 - Use of Voice Mail After the separate data affiliate requirement for VADI sunset on September 26, 2001, VADI continued to temporarily occupy space previously leased by VES at 1166 Sixth Avenue in New York City. VES had an existing Voice Mail system with extra capacity. VADI used this capacity to avoid the expense and wait associated with installation of a second system. VADI discontinued use of this service on January 31, 2002 when it vacated the building.
 - Web Maintenance Service After the separate data affiliate requirement for VADI sunset on September 26, 2001, GNI continued to maintain the VADI website that was required up until that point to post all VADI transactions with the ILECs. Although the website was not required after sunset, GNI maintained it in order to provide data for the merger audit. This service was discontinued in September 2002 when it was determined that the information was no longer needed for the audit."

We obtained Verizon BOC's procurement procedures, which stated, "When the product is technical in nature or designed to exact specifications set by the customer, a supplier is designated as the sole source for the product. The sole source must be utilized unless there is a business reason for not utilizing the supplier. If the identified supplier cannot be utilized, the customer must be advised and participate where appropriate in the identification process for an alternate supplier."

- 2. We obtained a list of all goods (including software), services, facilities, and customer network services information, excluding CPNI as defined in Section 222(f)(1) of the Act, and exchange access services and facilities inspected in Objective IX, made available to each Section 272 affiliate by the Verizon BOC/ILEC. For the entire population of 38 items, we inquired of management as to the existence of any media used by the Verizon BOC/ILEC to inform unaffiliated entities of the availability of the same goods, services, facilities, and information at the same price, and on the same terms and conditions. Management indicated the media used to inform carriers of such items are the Section 272 websites:
 - http://www.verizonld.com/regnotices/index.cfm?OrgID=1 for VLD
 - http://www.verizonld.com/regnotices/index.cfm?OrgID=2 for VES
 - http://gni.verizon.com/Regrequirements.html for GNI
 - http://www22.Verizon.com/longdistance/regulatory/index.jsp for VSSI
 - http://www.baglobal.com/vgsi/RegRequirements.asp for GSI
- 3. We obtained a list from the Verizon BOC of all unaffiliated entities who have purchased the same goods, as Section 272 affiliates, (including software), services, facilities, and customer network services information (excludes CPNI) from the Verizon BOC, during the first twenty-one months of the engagement period. These services include public communication, billing and collections, interconnection, and local exchange services. We obtained a list of

the specific unaffiliated entities that purchased these four services during October 2001 (month selected by JOT) including the amount purchased, no public communications purchases, 29 billing and collections purchases, 330 interconnection purchases, and 7389 local exchange purchases. We selected a random sample of 100 purchases from the population of 7,748 purchases. The random sample included no public communications purchases, 1 billing and collection purchase, 5 interconnection purchases, and 94 local exchange purchases.

We inquired of management and management indicated during October 2001, the Section 272 affiliates paid \$0 for public communication services, \$5,332,635.87 for billing and collection services, \$0 for interconnection services, and \$147,678.65 for local exchange services

For public communication services, we obtained a schedule detailing purchases made by unaffiliated entities from January 3, 2001 to September 30, 2002 totaling \$53,790,044.25. No public communications purchases were selected in the random sample.

For billing and collections services, we obtained a schedule detailing purchases made by unaffiliated entities from January 3, 2001 to September 30, 2002 totaling \$573,730,408.01. One purchase of billing and collection services by one unaffiliated entity was selected in the random sample. We compared the rates, terms, and conditions appearing on the agreement of the sampled unaffiliated entity to the rates, terms, and conditions offered to the Section 272 affiliates during the same time period. We noted the following differences in the Price Per Bill, Price per Message Billed, Manual Adjustment Charge, Marketing Message, Minimum Charges (Annual and Monthly), and Start Up Fee rates (Reference Table 20):

Table 20

| New York Telephone Company and Unaffiliated Entity | | BOCs and VLD | | BOCs and VES | |
|--|-----------------------|---|-----------------------|---|-----------------------|
| Description of Service | Rate per Exhibit E | Description of Service | Rate per Exhibit E | Description of Service | Rate per Exhibit E |
| | I | Price per | Bill | ! | • |
| Price per Bill | \$0.96 | Standard Price per Bill (non- discounted standard price) VLD Price per Bill (discounted price based on 85% billing | \$ 1.10 \$1.00 | Standard Price per Bill (non- discounted standard price) VES Price per Bill (discounted price based on 85% billing | \$ 1.10 \$1.00 |
| | | commitment) VLD Price per Bill (discounted price based on 5 million bills/year bill volume commitment) | \$0.90(1) | commitment) | |

| New York To Company and U Entit | Unaffiliated | BOCs and | VLD | BOCs and | VES |
|--|-----------------------|---|-----------------------|---|-----------------------|
| Description of Service | Rate per Exhibit E | Description of Service | Rate per Exhibit E | Description of Service | Rate per Exhibit E |
| | | VLD Price per Bill (discounted price based on 10 million bills/year bill volume commitment) | \$0.85 (2) | | |
| | | Price per Mess | age Billed | | |
| Price per Message Billed for each message in | | Price per Message (charge of itemized call detail billing records) for less than 50 messages per bill | \$0.02 | Price per Message (charge of itemized call detail billing records) for less than 50 messages per bill | \$0.02 |
| message in excess of and average of 10 messages per bill | \$0.01 | Price per Message (charge of itemized call detail billing records) for more than 50 messages per bill | \$0.015 | Price per Message (charge of itemized call detail billing records) for more than 50 messages per bill | \$0.015 |
| | | Manual Adjustm | nent Charge | | |
| Manual Adjustment Charge | \$10.00 | Manual Adjustments (per adjustment) | \$5.00 | Manual Adjustments (per adjustment) | \$5.00 |
| | | Marketing N | Message | | |
| Marketing Message | \$0.045 | | | | |
| | | Minimum C | Charges | | T |
| Annual Minimum | \$55,994.40 | | | | |
| Monthly Minimum | \$4,666.20 | Monthly Minimum (per BA region) | \$4,000.00 | Monthly Minimum (per BA region) | \$4,000.00 |
| Start Up Fee | | | | | |
| Start Up Fee (1) According | \$25,000.00 | Start Up Fee (per BA region) | \$30,000.00 | Start Up Fee (per BA region) | \$30,000 |
| | ng to Amendn | | | | |

We inquired of management and management indicated the following:

"The pricing in the unaffiliated entity agreement is from 1992. Upon expiration of the unaffiliated entity's contract, that agreement was extended on a month-to-month basis while making repeated attempts to negotiate a new contract. Negotiations for a new contract proved to be unsuccessful and the unaffiliated entity continued to operate under the month-to-month extension of the 1992 agreement.

The VES and VLD agreements contain rates based on updated business assumptions. As a result of the updated business assumptions, changes were made to the Price Per Bill, Price per Message Billed, Manual Adjustment Charge, Marketing Message, Minimum Charges (Annual and Monthly), and Start Up Fee rate elements. The unaffiliated entity's agreement also included a Pay-Per-Call Advisory Message rate element since they used this service; VES and VLD did not use this service, thus that rate element was not included in those agreements."

In addition, management indicated that the unaffiliated entity's billing services agreement was terminated effective November 1, 2001. Management further indicated that new rates would apply to all Verizon billing services on November 1, 2001.

We inquired of management the amount each Section 272 affiliate was billed and the amount paid for billing and collections services from the Verizon BOC/ILEC during October 2001. Management indicated that the total amount billed to and paid by the Section 272 affiliate for billing and collection services was \$5,332,635.43. We noted no differences.

For interconnection services, we obtained a memo detailing purchases made by unaffiliated entities from January 3, 2001 to September 30, 2002 totaling \$3,839,431. Five purchases of interconnection services by five different unaffiliated entities were selected in random sample. We requested a copy of the related interconnection agreements for the sample selected. We compared the rates, terms and conditions appearing on the agreements of the sampled unaffiliated entities to the rates, terms and conditions offered to the Section 272 affiliates during the same time period and noted no exceptions.

We inquired of management the amount each Section 272 affiliate was billed and the amount paid for interconnection services from the Verizon BOC/ILEC during October 2001. Management indicated, "For Interconnection agreements, there was no billing to Section 272 affiliates in October 2001 as it relates to those sampled agreements in the state of Pennsylvania or Massachusetts."

For local exchange services, we obtained a schedule detailing purchases made by unaffiliated entities from January 3, 2001 to September 30, 2002 totaling \$3,028,940,847.24. Ninety-four purchases of local exchange services by ninety-four different unaffiliated entities were selected in the random sample. We compared the rates, terms and conditions appearing on the Customer Service Records ("CSRs") of the sampled unaffiliated entities to the rates, terms and conditions offered to the Section 272 affiliates during the same time period. We noted eighteen instances where the rate on the unaffiliated CSR did not match or were unable to match the rate on the Section 272 affiliate CSR (Reference Table 21). We inquired of management and management provided responses explaining the differences as outlined in Table 21.

Table 21

| Local Exchange | | | | | | | |
|----------------|-------|--|-------|-------------------------------|----------------------------------|---------------------------|--|
| No. | USOC | Description | State | Nonaffiliate Rate | Section 272 affiliate Rate | Management Explanation | |
| 1* | | Dial Tone Line | MD | \$15.76 \$13.34 | \$15.76 \$13.34 | (2) | |
| 2 | | Non-Published Service | MD | \$1.45 | \$0.00 | (1) | |
| 3 | 1FB | FCC Line Charge FUSF Surcharge (Main Line/s) | ME | \$37.25 | \$37.59 | (2) | |
| 4* | 1MB | IND Message Rate Business | NJ | \$12.96 \$12.77 \$11.76 | \$12.96 \$12.77 | (2) | |
| 5* | 9ZRB1 | FCC Subscriber Line Charge | NJ | \$6.21 | \$6.21 \$6.29 | (1) | |
| 6 | 9ZRP1 | FCC Subscriber Line Charge | NJ | \$31.05 | \$31.45 | (1) | |
| 7 | LSN1X | MULTP ACC-2 WIRE SVC – ISDN | NJ | \$6.00 | \$10.50 | (3) | |
| 8* | QURBM | Federal Universal Service Fund Charge- Business Multi Line | NJ | \$0.53 | \$0.53 \$0.55 | (2) | |
| 9 | QURBR | Federal Universal Service Fund Surcharge-ISDN BRI | NJ | \$0.53 | \$0.58 | (2) | |
| 10 | QURPR | Federal Universal Service Fund Surcharge-ISDN PRI | NJ | \$2.65 | \$2.85 | (2) | |
| 11 | ZPAZD | Pipe with 23B+D | NJ | \$285.00 | \$270.00 | (2) | |
| 12* | 9ZR | FCC Line Charge | NY | \$8.08 \$5.00 | \$8.08 \$5.00 | (4) | |
| 13 | XUDBZ | FCC Line Charge (ISDN Digital Transport) | NY | \$315.65 | \$332.25 | (3) | |
| 14 | ZPAZD | ISDN Primary 23B+D Port | NY | \$565.25 | \$595.00 | (3) | |
| 15* | DTLBX | Dial Tone Line | PA | \$15.63 \$13.13 \$10.63 | \$15.63 \$8.13 | (1), (2) | |
| 16* | QURBM | Federal Universal Service Fund Surcharge Multi Line | PA | \$0.55 \$0.53 | \$0.53 | (1) | |
| 17* | | Dial Tone Line | VA | \$11.00 | \$11.75 \$11.50 \$11.00 | (1), (2) | |

| | Local Exchange | | | | | | |
|----------------------|----------------|---|----------------------|----------------------------------|---------------------------|-----|--|
| No. USOC Description | | State | Nonaffiliate Rate | Section 272 affiliate Rate | Management Explanation | | |
| 18 | | Federal Universal Service Fund Surcharge Multi Line | VA | \$0.60 | \$0.53 | (1) | |

- 1. The difference in rates is due to a timing issue. When rates change, they are not updated in specific customer service records until that customer's billing cycle.
- 2. The different rates for the services are due to customers falling into different rate groups. Rate groups are determined by NPA-NXX and are outlined in the tariff.
- 3. Rates are based on customer specific contracts.
- 4. \$8.08 rate is the multi-line business rate. \$5.00 rate is the single-line business rate.
- * The CSRs for the unaffiliated entities and/or the Section 272 affiliates had multiple rates for the same USOC. We were unable to determine which rates to compare.

We inquired of management the amount each Section 272 affiliate was billed and the amount paid for local exchange services from the Verizon BOC/ILEC during October 2001. Management indicated that the total amount billed to and paid by the Section 272 affiliate for local exchange services was \$147,678.65. We noted no differences.

4. We inquired of management regarding the Verizon BOC's methods for disseminating information about network changes, establishing or adopting new network standards and the availability of new network services to each Section 272 affiliate and to unaffiliated entities. Management indicated:

"Verizon provides public notice regarding network change, and the establishment and adoption of new network standards in accordance with the Commission's network disclosure rules. See 47 C.F.R. Sections 51.325-51.335. Network disclosure for Verizon is made via the Internet website (www.verizon.com/regulatory). When network changes are made with less than six months notice, the network disclosures are distributed to interconnecting carriers in accordance with Section 51.333. The local operating companies do not and will not disclose to the 272 affiliates or any other affiliated or unaffiliated telecommunications carriers, any information about planned network changes until appropriate notice has been given. These methods are the same throughout the Verizon territory."

We noted no differences in the manner in which information regarding network changes, establishing or adopting new network standards, and the availability of new network services is disseminated to each Section 272 affiliate and to unaffiliated entities.

5. We obtained and inspected scripts that Verizon BOC's customer service representatives recite to new customers calling to establish new local telephone service in New York, Massachusetts, Maine, Rhode Island, Vermont, New Jersey, and Pennsylvania. We noted that the scripts informed the consumers of other providers of long distance along with the Section 272 affiliates.

Management indicated that a neutral script is heard by most customers ordering new local service prior to reaching a call center representative through a voice response unit. The script

heard includes the following statement: "You have a choice of local (or regional toll) and long distance providers. A list of providers is available."

We inspected the written content of the Verizon BOC's website, http://www.verizon.com, for on-line ordering of new service. We noted that the website informed the consumers of other providers of long distance services along with the Section 272 affiliates.

6. We observed and listened in to 100 randomly selected inbound callers requesting to establish new local telephone service to whom the Verizon BOC's customer service representatives attempted to market the Section 272 affiliate's interLATA service. We spent four days observing calls at two call observation centers in Braintree, MA, and Arlington VA, and at one call center in Madison, NJ. We selected these centers based on the states and call types the centers serviced (Reference Table 22).

Table 22

| No. | Location | Call Types | States Covered | | | | |
|-----|--------------------------|-----------------------|---|--|--|--|--|
| 1 | Braintree, Massachusetts | Consumer | Maine, Massachusetts, New York, Rhode Island, Vermont | | | | |
| 2 | Arlington, Virginia | Consumer | New Jersey, Pennsylvania | | | | |
| 3 | Madison, New Jersey | Consumer and Business | New Jersey, Pennsylvania | | | | |

We inquired of management and management indicated that Verizon has 73 consumer call centers that handled approximately 81.4 million calls from 27.8 million households in 2001.

To obtain our sample of 100 inbound calls requesting to establish new local telephone service to whom the Verizon BOC's customer service representatives attempted to market the Section 272 affiliate's interLATA service, we listened into a total of 4,038 inbound calls from customers in Maine, Massachusetts, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont (Reference Table 23).

Table 23

| No. | Location | Sample Calls* | Total Inbound Calls | | |
|-------|---|---------------|----------------------------|--|--|
| 1 | Braintree, MA (1 st Visit) | 40 | 1,329 | | |
| 2 | Arlington, VA | 9 | 713 | | |
| 3 | Madison, NJ | 10 | 884 | | |
| 4 | Braintree, MA (2 nd Visit) | 41 | 1,112 | | |
| | Totals 100 4,038 | | | | |
| * Num | Number of inbound calls that met the sampling criteria. | | | | |

For the first 100 inbound callers requesting to establish new local telephone service to whom the sales representatives attempted to market the Section 272 affiliate's interLATA service, we listened to the messages conveyed between the customer service representatives and the inbound callers, specifically, if the customer service representative steered the customer toward a Section 272 affiliate, if the customer was informed of the list of other providers, and if the customer was informed of their right to choose a provider. The 100 inbound calls were answered by 95 different customer service representatives.

For 9 of the 100 inbound calls, we noted that the customer service representative did not inform the caller of other providers of interLATA services, or did not inform the caller of his right to make the selection (Reference Table 24). For 1 of the 9 calls (noted by an "*" in Table 24), we also observed the following:

The customer service representative asked the customer if she wanted long distance service and told her, "If you choose Verizon, there is no extra charge, but if you choose another carrier, then there is a one-time fee of \$5." Customer then declined long distance service. Management indicated "the representative erred when mentioning the \$5.00 PIC Change Fee since it is not applicable to customers who are selecting an interLATA carrier when establishing new local telephone service with Verizon."

Table 24

| No. | Customer steered to Section 272 affiliate | Customer informed of list of other providers | Informed of right to make selection | Location |
|-----|---|--|-------------------------------------|------------------------------|
| 1 | - | No | - | Braintree (1 st) |
| 2 | - | No | - | Braintree (1 st) |
| 3 | * | No | - | Braintree (1 st) |
| 4 | - | No | - | Braintree (2 nd) |
| 5 | - | No | No | Braintree (2 nd) |
| 6 | - | No | - | Braintree (2 nd) |
| 7 | - | No | No | Braintree (2 nd) |
| 8 | - | No | - | Braintree (2 nd) |
| 9 | - | No | No | Braintree (2 nd) |

[&]quot;-" The customer service representatives met the criteria.

[&]quot;*" Reference paragraph above.

Objective VIII: The BOC shall not discriminate against any entity in the fulfillment of requests for services.

1. We inquired of management regarding the practices and processes the Verizon BOC/ILEC has in place to fulfill requests for telephone exchange service and exchange access service for the Section 272 affiliates, other affiliates, and nonaffiliates in each state where the Verizon BOC/ILEC has been authorized to provide in region interLATA services. Management provided documentation describing the practices and processes the Verizon BOC/ILEC has in place to fulfill requests for telephone exchange and exchange access service for the Section 272 affiliates, other affiliates, and nonaffiliates. Management indicated that the same processes, practices and systems are used to fulfill requests for both affiliates and nonaffiliates within each region.

We inquired of management regarding the Verizon BOC's internal controls and procedures designed to implement its duty to provide non-discriminatory service for fulfillment of requests for telephone exchange service and exchange access service. Management provided the following response:

"Verizon's 272 affiliates are required to use the same installation and repair interfaces with the Verizon ILEC operations as are made available to nonaffiliates. ASRs and trouble tickets are processed through the same interfaces and systems for both 272 affiliates and nonaffiliates. Also, the determinations of the availability of facilities for 272 affiliates and nonaffiliates use the same systems.

The systems that process installation orders apply the same standard minimum provisioning intervals (where facilities exist) and the same first-come-first-served priority to special access orders regardless of the identity of the customer. The systems that track and process the facilities checks are programmed to process orders on a first-come-firstserved basis, regardless of the identity of the customer. Where facilities are required to be built or installed to provision a special access service request, Verizon performs that work on a first-come-first-served basis, regardless of the identity of the customer. Similarly the systems that track and process trouble reports process reports on a first come first service basis, regardless of the identity of the customer. Thus, at each step in the fulfillment of requests the same treatment is given to nonaffiliated customers and affiliate customers. Verizon also provides procedural guidelines for the provisioning and maintenance of these services, regardless of the identity of the customer. Employees are trained in these procedures and compliance is monitored monthly by a sampling of orders and trouble reports. Reinforcement of Verizon's commitment to customer parity is frequently a topic of review at general team meetings. Verizon sets its internal service objectives and internally measures both its provisioning and maintenance performance by geographic location, not by customer identity. Management performance evaluations and the Verizon Incentive Plan payouts are based on meeting the predetermined service objectives. Verizon requires each employee to review yearly the company's Code of Business Conduct, in which dealings with our competitors, customers and suppliers, both affiliate and non-affiliate are outlined.

It should be noted that different customers request different services in different locations and with different requested intervals, making the actual requested service experience different over time and across customers for reasons outside Verizon's control.

Part of the internal control environment involved extensive communication and training to assure all employees in the company are aware of the Section 272 obligations. The Section 272 rules are summarized on the Affiliate Interest corporate web site.

To support this communications effort, the Senior VP-Regulatory Compliance sent letters to the "Top 300" senior managers on July 7, 2000, June 29, 2001 and July 9, 2002 emphasizing the importance of complying with Section 272 obligations. In these communications the senior managers are asked to assure their organizations are aware of, and follow, the rules. Summaries of the Section 272 rules or links to the internal corporate affiliate web sites were included in the correspondence. Further, letters were sent to Group Presidents and VP equivalents in December 2001/January 2002 and in January 2003 from the Executive Director-Regulatory Compliance, which focused on Section 272 obligations.

The importance of adhering to all affiliate regulations, including Section 272, was emphasized through corporate-wide emails sent to all employees on March 14, 2001 and July 22, 2002.

Training efforts begun shortly after the passage of the Telecommunications Act on Section 272, continued in 2001 and 2002. During 2001 and 2002, approximately 2,500 employees attended training sessions sponsored by the affiliate organization. This is in addition to training conducted by individual departments and organizations."

2. We inquired of management regarding the processes and procedures followed by the Verizon BOC/ILEC used to provide information regarding the availability of facilities in the provisioning of special access service to its Section 272 affiliates, other affiliates, and nonaffiliates for each state where the Verizon BOC/ILEC has been authorized to provide inregion interLATA services. Management provided documentation describing the processes and procedures followed by the Verizon BOC/ILEC used to provide information regarding the availability of facilities in the provisioning of special access service to its Section 272 affiliates, other affiliates, and nonaffiliates for each state where the Verizon BOC/ILEC has been authorized to provide in-region interLATA services.

Management indicated that carriers do not get information about facility availability. Management further indicated that the wholesale website and Firm Order Confirmation process used to place orders do not provide any carrier information on facility availability for special access services. Account Management or Customer Service contacts may provide information in response to specific customer requests. Management indicated the same type of information and timeliness of information is provided to Section 272 affiliate, other affiliates and nonaffiliates.

We inquired of management whether any employees of the Section 272 affiliates or other affiliates have access to, or have obtained, information regarding special access facilities availability in a manner different from the manner made available to nonaffiliates. Management indicated that it is not aware of any employees of the Section 272 affiliate or other affiliate carriers that have access to, or have obtained, information regarding special access facilities availability in a manner different from the manner that such information is also made available to nonaffiliates.

3. We requested of management written methodology used by the Verizon BOC/ILEC for documenting time intervals for processing orders, provisioning of service and performing

repair and maintenance services for the Section 272 affiliates, other affiliates and nonaffiliates for the services described in procedure 4 below. Management provided documentation describing how the Verizon BOC/ILEC documents time intervals for processing orders, provisioning of service and performing repair and maintenance services.

Management indicated that the Verizon BOC/ILEC documents the time interval for the installation and repair of special access and Feature Group D ("FG-D") services using the information captured by the appropriate systems that process the installation and repair of access services and by using established business rules.

Management further indicated that the business rules utilized for the special access services are the business rules associated with the Merger Condition XIX service quality reports (the "Merger Condition XIX") required by paragraph 53 of Appendix D of the Federal Communications Commission's Memorandum Opinion and Order in Common Carrier Docket No. 98 (the "BA/GTE Merger Order") released by the FCC on June 16, 2000. Management indicated that the FCC Common Carrier Bureau approved those business rules and the FCC Wireline Competition Bureau subsequently approved modifications to those business rules.

We inquired of management and management indicated that the methods used to prepare the BA/GTE Merger Order reports described above are the methods used to provide these same metrics for the special access services described in Procedure 4. Management also indicated that in order to provide service quality data for FG-D in the context of this audit, the Verizon BOC/ILEC applied essentially the same business rules used for special access.

Firm Order Confirmation Response Time, Average Installation Interval (Special Access and FG-D), Percent Installation Commitments Met (Special Access and FG-D)

Management indicated that the reporting of Firm Order Confirmation Response Time, Average Installation Interval and Percent Installation Commitments Met ("the Installation measures") is derived from information contained in the underlying Operational Support Systems and specific time stamps applied in those systems that the Verizon BOC/ILEC utilizes as part of the Access Service Request ("ASR") process for carrier orders. We noted that the documented methodology for the Installation measures referenced time stamps (including the Clean ASR Date or Application Date, the FOC Returned Date and the Completion Date). Management indicated that these time stamps are obtained from their relevant systems, including CABS Automated Front End ("CAFÉ"), Exchange Access Control and Tracking ("EXACT"), Work Force Administrator ("WFA") and (for the former GTE portions of Pennsylvania only) Automated Work Administration System ("AWAS").

Total Trouble Reports, Average Repair Interval (Special Access and FG-D)

Management indicated that the reporting of Total Trouble Reports and Average Repair Interval ("the Maintenance and Repair measures") is derived from information contained in the underlying Operational Support Systems and specific time stamps applied in those systems that the Verizon BOC/ILEC utilizes as part of the trouble report process used for carrier trouble ticket administration. We noted that the documented methodology for the Maintenance and Repair measures referenced time stamps (including the Date/Time Received and Date/Time Cleared). Management indicated that these time stamps are obtained from their relevant systems, including WFA and (for the former GTE portions of Pennsylvania only) AWAS.

Management also indicated that the reporting of FG-D performance measurements utilize the same Operational Support Systems and the same methodology used for Special Access.

Average Time of PIC Change

Management indicated that the reporting of the Average Time of PIC Change measure is derived from information contained in the underlying Operational Support Systems and specific time stamps, carrier identification codes, and transaction types captured and/or applied in those systems that the Verizon BOC/ILEC utilizes as part of the PIC change process. We noted that the documented methodology for the Average Time of PIC Change measure referenced fields (including the ACNA, CIC, Incoming Transaction Code Status Indicator ("TCSI"), Outgoing TCSI, Customer Type Indicator, Jurisdictional Indicator, Process Begin Date, Process End Date). Management indicated that these time stamps and fields are obtained from their relevant systems, including the Xpress Electronic Access ("XEA") system.

- 4. We requested from the Verizon BOC/ILEC performance data maintained during the engagement period, by month, indicating intervals for processing orders (for initial installation request, subsequent requests for improvement, upgrades or modifications of service, or repair and maintenance), provisioning of service, and performing repair and maintenance services for the Section 272 affiliates, other affiliates, and nonaffiliates, as separate groups, for the following services:
 - Telephone exchange service (where the Section 272 affiliate resells local service or intraLATA toll service)
 - Exchange access services for DSO, DS1, DS3, OCn, and Feature Group D
 - Unbundled network elements (where the Section 272 affiliates leases any unbundled network elements from the Verizon BOC/ILEC)
 - PIC change orders for intraLATA toll services (where the Section 272 affiliate provides this service) and interLATA services.

The reports provided by management for the performance measurement reports under this procedure are included in Attachment A to this report.

Management indicated that the business rules applied to calculate the performance measures are consistent with the affidavits filed in each state with some exceptions in New York, Massachusetts and Connecticut. We inquired of management and management indicated that in all but New York, Massachusetts and Connecticut, affidavits filed in connection with the 271 proceedings had a footnote on the 272(e)(1) exhibit noting that metrics definitions would be modified consistent with changes to the Merger Condition XIX measures. Management indicated that for this audit, to be consistent across all states, metrics consistent with the Merger Condition XIX business rules were used for all states. Management further indicated that the Massachusetts and Connecticut measures for this audit were submitted on the same basis as the approved measures in the 271 proceedings approved by the FCC in later approvals for Pennsylvania, Rhode Island, Vermont, New Jersey, Maine, New Hampshire, Delaware, and Virginia. Management indicated that these measures are consistent with the definitions approved by the FCC for these measures as part of the merger proceeding, and if these original Massachusetts and Connecticut definitions had been used, the reports in the audit would be on a different basis.

We noted that management did not provide telephone exchange service and unbundled network elements \performance measurement data. We inquired of management and management indicated that the 272 affiliates did not purchase local services or intraLATA toll service for resale from the Verizon BOC in all states or the ILEC in Virginia after being authorized in the respective states to provide in region interLATA services during the engagement period. Management also indicated that the 272 affiliates did not lease any unbundled network elements from the Verizon BOC/ILEC in all states after being authorized in the respective states to provide in region interLATA services during the engagement period.

Management further indicated that the 272 affiliate VLD did not offer its Pennsylvania customers resold Verizon North intraLATA toll service, however, management did identify three VLD customers who had chosen Verizon North as their intraLATA toll service provider and who received bills from VLD for those services during the period from April 2002 to September 2002. Management determined the amount of intraLATA toll services that VLD purchased from the former GTE LEC to be \$51.29 and the total amount of usage billed in connection with these customers to be approximately 300 minutes. Management did not provide performance measurement data in connection with these three VLD customers.

We noted that the performance data provided by management and included in Attachment A included the results, means and standard deviations (where appropriate) for the following performance measures:

- Firm Order Confirmation Response Time
- Average Installation Interval
- Percent Installation Commitments Met
- Total Trouble Reports
- Average Repair Interval
- Average Time of PIC Change

Management indicated that the Average Time of PIC Change measurement results include the top six nonaffiliate long distance carriers, which represent more than 85% of total PIC changes.

We noted that the performance measurement results (other than Average Time of PIC Change measure) for the state of Connecticut for the engagement period were aggregated with the performance measurement results for the State of New York.

We examined the performance measurement reports provided and compared the reported intervals for the Section 272 affiliate to the reported intervals for nonaffiliates. We noted certain instances where the reported intervals for fulfillment of requests from nonaffiliates were longer than for the Section 272 affiliates. We inquired of management and management provided the following response for PIC results:

"Verizon processed carrier-initiated PIC transactions (mechanical batch submissions) using the same systems and procedures for all carriers, with no manual intervention in handling the incoming files that could affect the processing interval. After successfully passing through a series of edits/updates, PIC transactions were sent to the switch for implementation.

PIC Performance data were collected for carrier-initiated transactions from the top seven long distance carriers. The top seven carriers included the affiliate (Verizon LD) and six non-affiliates (Carrier A, B, C, D, E, and F). Performance data were collected by month for each state that Verizon LD had been authorized to provide in-region InterLATA services during the engagement period, January 1, 2001 through December 31, 2002. The 2001 and 2002 data show that PIC intervals vary from month to month for each carrier and that some carriers experience relatively longer PIC intervals and some relatively shorter intervals.

When Verizon initially investigated the varying interval patterns, Verizon determined that the primary factor in the length of the PIC interval, i.e. the length of time between receipt of a PIC change request by XEA and completion of the PIC change at the switch, was the time of day a file was submitted. **See** Response of Verizon to Comments on Biennial Section 272 Audit Report (filed June 10, 2002). This conclusion was based on studies of PIC orders in New York and Massachusetts in August 2001. Each of the Verizon operating companies schedules "down time" for XEA each night, generally between the hours of 21:00 and 01:00 for necessary maintenance on the system. In addition, each company schedules down time for switch maintenance generally between 23:30 to 04:00, as noted in Table 27. Switch processing periods are generally shorter on weekends. During the down time periods, XEA pulls the files and holds them in queue according to the time they were received. At the end of the down time period, XEA processes the PIC change orders in the queue. A carrier that submits PIC change orders to XEA shortly before or during the down time periods would experience several more hours added to the interval than a carrier that submits them earlier in the day. Verizon has informed the interexchange carriers about the down time periods in each area and the possible impact on PIC change processing intervals. Carriers can avoid the down time in both XEA and the switch simply by submitting their PIC change orders to avoid this period. However, we have received no complaints about downtime, presumably because the PIC processing intervals easily meet the 24-hour standard, which interexchange carriers use in their customer satisfaction surveys as the measure of Verizon's performance in providing timely PIC changes.

To update the previous response, Verizon conducted additional studies of PIC orders in the states of New York in January 2002 and Massachusetts in April 2002. Verizon studied samples of the transactional data for the affiliates and non-affiliates to demonstrate how the timing of PIC file submission is linked to the PIC interval. Carriers' schedules for submitting files to Verizon were fairly consistent from day-to-day and week-to-week. Carriers who consistently submitted files in the late evening/early morning hours or on the weekend experienced the longest intervals.

Table 25: NY - January 2002

| CARRIER | # BATCH FILES | # RECORDS | HOUR OF MOST FREQUENT TRANSMISSION | INTERVAL (HR/MIN) |
|-----------|------------------|-----------|---|----------------------|
| Affiliate | 44 | 1553 | 11:00 - 15:00 | 1:15 |
| A | 87 | 27010 | 1:00 - 4:00 | 3:38 |
| В | 121 | 23684 | 1:00 - 5:00 | 1:31 |
| С | 143 | 12580 | 1:00 - 7:00 | 1:45 |

| D | 101 | 6468 | 17:00 - 21:00 | 0:46 |
|---|-----|------|---------------|------|
| Е | 35 | 7151 | 11:00 - 12:00 | 0:48 |
| F | 73 | 8577 | 7:00 - 9:00 | 0:52 |

These data exclude PIC orders processed on January 4, 2002, which included a block of PIC orders from late December, 2001 that had been rejected by the switch due to a mismatch with the data from XEA and that had to be processed manually on January 4.

Table 26: MA - April 2002

| CARRIER | # BATCH FILES | # RECORDS | HOUR OF MOST FREQUENT TRANSMISSION | INTERVAL (HR/MIN) |
|-----------|------------------|-----------|---|----------------------|
| Affiliate | 81 | 1902 | 17:00 - 19:00 | 3:16 |
| A | 61 | 23122 | 1:00-5:00 | 3:02 |
| В | 73 | 24156 | 5:00 - 11:00 | 1:46 |
| С | 87 | 5836 | 1:00-5:00 | 2:39 |
| D | 78 | 5602 | 13:00 - 21:00 | 0:57 |
| Е | 21 | 3218 | 11:00 - 12:00 | 0:39 |
| F | 66 | 2503 | 5:00 - 9:00 | 0:51 |

In the Massachusetts study, the affiliate PIC interval was over three hours, even though the affiliate most frequently submitted its PIC orders outside of the down time period. This is due to the fact that a portion of these orders submitted on April 4 took as much as a half-day to complete due to processing issues. However, the data for the unaffiliated carriers shows the same pattern as above – orders submitted during the down time period took significantly longer to process than orders submitted during the rest of the day.

These studies show that the differences observed between affiliate and non-affiliate PIC processing intervals are the result of carriers' decisions about when and how to submit batch orders, and not due to discrimination in how Verizon treats different carriers."

Table 27: Switch Processing Periods

| State | Hours of Operations |
|-------|-------------------------|
| CT | 04:00 to 23:30 Sun-Sat |
| NY | 04:00 to 23:30 Sun-Sat |
| | 04:00 to 23:30 Mon-Fri. |
| MA | 04:00 to 21:30 Sat |
| | 04:00 to 19:00 Sun |
| | 04:00 to 23:30 Mon-Fri. |
| ME | 04:00 to 21:30 Sat |
| | 04:00 to 19:00 Sun |
| | 04:00 to 23:30 Mon-Fri. |
| NH | 04:00 to 21:30 Sat |
| | 04:00 to 19:00 Sun |
| | 04:00 to 23:30 Mon-Fri. |
| RI | 04:00 to 21:30 Sat |
| | 04:00 to 19:00 Sun |
| | 04:00 to 23:30 Mon-Fri. |
| VT | 04:00 to 21:30 Sat |
| | 04:00 to 19:00 Sun |
| DE | 04:00 to 22:50 Sun Sat. |
| NJ | 04:00 to 22:50 Sun Sat. |
| PA | 04:00 to 22:50 Sun Sat. |
| VA | 04:00 to 22:50 Sun Sat. |

We inquired of management and management provided the following response for Special Access and Feature Group D results:

"Verizon's BOC/ILECs have established and follow practices, procedures and policies to fulfill requests from unaffiliated entities for exchange access within a period no longer than the period in which they fulfill similar request for the same exchange access to their affiliates. Based on the way data were categorized, the impression is that, in some instances, the Verizon BOC/ILECs have fulfilled requests from unaffiliated entities for exchange access within an average time period longer than the average time period in which they fulfilled requests of such exchange access to themselves and/or their affiliates. In fact, the data do not support this conclusion.

There are two reasons that negative inferences cannot be drawn from the data. First, the interval measurements aggregate services and circumstances that mask reasons for the different results. Second, the data contain relatively low volumes of special access orders from Section 272 affiliates across all states (98 installation orders in 2001; 185 installation orders in 2002; 115 trouble reports in 2001 and 146 in 2002), which makes it difficult to identify patterns or draw statistically significant conclusions. The existence of low volumes is particularly problematic in the case of special access because of the large number and variety of reasons that may cause any one special access service installation request or reported trouble to be potentially very different from another special access request or trouble. In reviewing the special access results, Verizon considered both the treatment of the orders and troubles in the BOC/ILEC processes and systems and the effects of customer actions (Section 272 affiliate and non-affiliates) that are independent of actions of the BOC/ILEC.

As a result of its examination of the data and the factors that can affect relative performance, Verizon has determined that the following factors may explain the different results in installation and repair for affiliates vs. non-affiliates. For installation, the differences in intervals were likely affected by the facts that (1) non-affiliates tended to request installation dates that were longer than the standard interval; (2) non-affiliate orders required building of facilities more often than affiliate orders; and (3) non-affiliate orders involved copper facilities rather than fiber more often than affiliate orders. For maintenance, the differences in mean time to repair were likely affected by the facts that (1) non-affiliate repairs involved copper facilities rather than fiber more often than affiliate orders; and (2) the number of trouble reports for affiliates was very small.

Special Access Installation

A significant number of variables can affect special access provisioning performance. Some of the characteristics that distinguish one special access installation order from another include: (1) the extent to which some customers request longer installation due dates; (2) whether Verizon BOC/ILECs already have the transport facilities and equipment in place to provision the specific route and service configuration requested by the customer; and (3) the specific location and complexity of the circuits requested. While Verizon cannot analyze all of the potential combinations of possible factors affecting special access performance results for all states, for all service categories, for all months largely due to the very high volume of non-affiliate orders, sufficient analysis is possible to address the likely causes of the differences. Verizon examined instances with higher 272 volumes in the reported results and noted the following:

<u>Customer Requested Due Dates</u>. Verizon examined how often special access customers requested due dates longer than the standard minimum provisioning interval offered by Verizon BOC/ILECs when facilities exist. Verizon performed an analysis of all special access orders for July 2002 in both New York and Pennsylvania. For this sample, 60% of the non-affiliate orders requested due dates longer than the standard minimum provisioning interval, whereas only 11% of the 272 affiliates orders requested a longer interval.

While Verizon does not necessarily know why some customers request longer intervals, it has reason to believe that customers sometimes do so because they need additional time to construct buildings, establish locations for telecommunications equipment, establish power and coordinate with other vendors prior to accepting service from Verizon.

That non-affiliate customers typically have requested longer intervals than did Verizon's 272 affiliates is important because it extends the observed installation interval for non-affiliates due to customer actions. It is the practice of Verizon's ILEC operations, consistent with desires of its customers, to adjust provisioning so that service is delivered on the due date requested by the customer. Thus, the fact that individual customers request special access installation intervals of differing lengths and that Verizon adjusts its installation performance to meets these individual network planning needs is not an indication of discrimination. The greater percent of non-affiliate orders where customers request longer intervals is clearly nontrivial.

<u>Facilities Builds</u>. Installation takes longer when new facilities must be built rather than rely on existing facilities to satisfy a customer's order. Based on the relatively higher volume of DS1s in NY for July 2002, Verizon did further examination on this month. Verizon examined a sample of 117 non-affiliate DS1 orders in July 2002 with an average installation interval of 26 days. There were 10 DS1 orders from section 272 affiliates with an average installation interval of 16 days. Upon examination, 40 of the 117 non-affiliate orders (34%) required Verizon to build facilities, while none of the orders from 272 affiliates required a facilities build. When examining only the orders where a "facilities build" was not required, the average installation interval for the 77 non-affiliate orders was 16 days, equal to the 16 days for the section 272 affiliates. Once the "facilities build" characteristic was isolated, results were comparable for the affiliate.

The results above are consistent with Verizon's understanding of the network deployment strategies of non-affiliate carriers as compared to Verizon's 272 affiliates. In general, Verizon's 272 affiliates typically have purchased special access service along high-density routes in the larger metropolitan areas. This is because Verizon's 272 affiliates are targeting high-end business customers. Thus, the Verizon 272 affiliates have been using special access services to serve large business customers that tend to be national in scope and tend to be in locations that have preexisting fiber routes. In contrast, non-affiliate carriers are using special access services to provide service to all market segments, including mid-market and lower-market segments. Non-affiliate carrier customers purchase special access in both high-density routes and medium- and low-density routes – but use different deployment strategies depending on network economics. In instances where non-affiliated carriers have enough volume, they have the option of self-provisioning their own networks. In this case, the carrier customer may decide to build its own network rather than purchase from another provider. For lower-density applications, non-affiliate carriers have tended to choose to use Verizon or other

providers of dedicated transport, as opposed to choosing self-provisioning. The Verizon BOC/ILEC is typically less likely to have existing facilities available for use as a special access circuit in the less dense, more remote customer-specific locations. This results in non-affiliate orders more frequently requiring facilities builds than Verizon's 272 affiliates. Orders that require facilities to be built typically take longer to provision than orders that can utilize existing facilities. Thus, selection by the customer of the location of the requested circuit, a factor beyond Verizon's control, affects the experienced average installation interval.

<u>Fiber vs. Copper.</u> Verizon also examined a sample of instances where it provides the requested special access services using fiber and compared it to instances where it used copper. Essentially all of Verizon's BOC/ILEC interoffice facilities and facilities to carrier points of presence are fiber. Facilities to end user customer premises can be fiber or copper depending on a multitude of factors associated with each specific location. Typically large customer locations with multiple DS1 special service circuits to them are more likely to be served by fiber than copper, while smaller locations with less demand are more likely to be served by copper. The availability of fiber at a location will make it more likely that capacity is available for future circuits, improving provisioning intervals at these locations. Usually, provisioning over existing fiber can be accomplished more quickly than provisioning of copper loops, a larger percent of which typically require facilities to be built.

An examination was done of DS1 services installed in New York during 2002, again because this state has a relatively higher volume of orders. Two customers' circuits were selected: (1) the primary Verizon section 272 affiliate; and (2) a major unaffiliated carrier customer. All of those two customers' circuits installed in New York during 2002 were reviewed. For the section 272 affiliate, during 2002, 100% of the requested special access circuits were requested on routes in locations where Verizon BOC/ILEC provisioned DS1 circuits over fiber end to end. For the major unaffiliated carrier studied, the locations of the circuits requested resulted in 42% of the DS1 circuits using copper loops.

Non-affiliate carriers have tended to market to a wider cross section of end user customers that are in locations where there has not been a high concentration of existing telecommunications facilities. Thus, non-affiliated carrier special access orders have a tendency to be in more remote locations or to require tail circuits to customer locations where the use of copper facilities is indicated.

The above cases provide an assessment of key variables that may result in shorter installation intervals for the 272 affiliate, yet there was no discriminatory treatment of the section 272 affiliate by the Verizon BOC/ILEC.

Special Access Maintenance

<u>Fiber vs. Copper.</u> Network trouble incidents are typically less frequent and are restored more quickly on special access circuits that ride fiber facilities than on those that ride copper facilities. Thus, it is instructive to recall the results from installation data for fiber versus copper facilities discussed above. Recent provisioning activity for the section 272 affiliates indicates a greater share of special access circuits on fiber than for non-affiliates. Also, we can examine information about the overall embedded base of special access circuits on fiber versus copper.

An examination was done of DS1 services in service as of March 31, 2003 in New York. Two customers' circuits were selected: (1) the primary Verizon section 272 affiliate; and (2) a major unaffiliated carrier customer. All of those two customers' existing base of circuits in New York were reviewed. For the section 272 affiliate, 79% of the existing base of DS1 circuits were on all-fiber routes, the remaining 21% having a copper local loop segment. For the major carrier studied, 64% of the DS1 circuits were on all-fiber routes, with the remaining 36% having a copper local loop segment. In general, non-affiliate special access circuits in service have a greater percentage of copper loops than section 272 affiliate circuits. These percentages were confirmed by examining another high-volume state, Massachusetts, and a different major unaffiliated carrier customer. For this sample, 72% of the Section 272 affiliate DS1 services were on all-fiber routes, whereas 56% of the non-affiliated carrier's DS1 services were on all-fiber routes.

Verizon then examined trouble reports in the larger states. The trouble reports submitted by section 272 affiliates in 2001 and 2002 in New York, Massachusetts, Pennsylvania and New Jersey were examined. These were compared with a sample of 235 trouble reports submitted by non-affiliate customers in New York from September of 2002. Approximately 57% of the trouble reports received from section 272 affiliates were on special access circuits with fiber local loop facilities whereas 40% of the trouble reports received from non-affiliate carriers were on circuits with fiber local loop facilities.

It is typically easier and quicker for Verizon to clear a network trouble on a fiber loop than on a copper loop. Fiber loops do not have the multiple cross connects in the field that copper loops have. As a result, fiber loops tend to experience trouble less often and the required fix is more often at the central office or a customer premises, as opposed to on a pole line or in an underground facility. Copper facilities ride cables with basic exchange services and therefore run through multiple splices and cross connections within the field. Facility troubles on copper often require dispatches to several outside work groups such as Special Services repair and construction. Many times, tickets get referred to other work groups to get resolution. Interdepartmental team conference calls can be required to resolve these issues. Since fiber circuits do not have as many possible failure points, multiple dispatches and interdepartmental coordination is less likely to be required.

In addition, copper loops need regeneration approximately every 3,000 feet or less (depending on the specific technology being used), whereas a fiber loop does not. These regenerators can and do break down at times. When regenerators fail, an outside dispatch is needed to sectionalize and repair them.

As a result of the increased number of cross connect points and the presence of basic exchange services on copper cables, copper facilities typically are more prone to plant operating errors in the field. These include troubles caused by human errors such as crossing up terminals at a cross-connect box, which typically require a dispatch to clear, resulting in longer repair intervals. Fiber loops are usually segregated from or independent from copper facilities, do not have the cross connect points in the field and thus are protected from the type of inadvertent errors in the field described above.

Connectivity to network elements for remote testing has been greatly improved on fiber, whereas on copper facilities, remote testing is more challenging due to numerous points

of access for typical copper facilities and the additional possible points of failure within copper circuit legs.

Fiber technology is, by design, more dependable than copper. For example, survivability features, redundant designs and SONET technology typically have a lower failure rate and shorter average repair interval than copper.

<u>Low Volumes</u>. Finally, the differences between affiliate and non-affiliate repair intervals should not be considered an indicator of a meaningful pattern due to the low volume of repairs observed for the section 272 affiliates. For instance, the section 272 affiliate had only 10 repair orders in New York for all of 2002 that involved copper facilities, making it difficult to draw conclusions about the differences in average repair intervals with non-affiliate repairs on copper facilities.

FG-D Installation and Repair

Verizon examined the aggregate reported results for FG-D by state by month for the 434 FG-D installation orders and the 165 FG-D trouble tickets. Though there were over twice as many FG-D installation orders in 2002 as there were special access orders, it is still difficult to identify meaningful patterns. In more than half of the instances, the reported monthly aggregate service performance results for section 272 affiliate showed longer intervals (or lower percent installation commitments met) than for the non-affiliated carriers. Due to random variation (absent any other factors that might affect the reported results), one would expect the non-affiliate results would show longer intervals (or lower percentages) in approximately 50% (half) of the instances. For FG-D installation results, in months where the 272 affiliate had volumes, the non-affiliate category had longer intervals in 29% of the instances. For the FG-D repair interval results, the non-affiliate category had longer intervals in 49% of the instances. Because these results are consistent with random variation, Verizon performed no further examination into the reported FG-D results."

We requested of management linear graphs for the Average Time of PIC Change performance measure for each state, over the entire engagement period, depicting the performance for the Section 272 affiliates and nonaffiliates. For all of the graphs obtained from management, we compared the data point depicted on the graph to the underlying data points in the performance measurement reports reported in Attachment A and noted no differences.

The linear graphs provided by management under this procedure are included in Attachment B to this report.

5. We selected a random sample of 85 performance measures reported from January 3, 2001 to September 30, 2002. With the approval of the Joint Oversight Team, the random sample was revised and a modified sample was derived. The modified sample included one instance for each of the following four operational regions in Verizon's territory: New York (New York and Connecticut), New England (Massachusetts, Rhode Island, Vermont, Maine, New Hampshire), NPD (New Jersey, Pennsylvania, Delaware) and Pennsylvania (former GTE). The last instance of a reported measure for a given month in the random sample was selected for replication.

The following are the performance measures that were selected for replication (Reference Table 28):

Table 28

| No. | Performance Measure | Month | State |
|-----|--|----------------|--------------------|
| 1 | Firm Order Confirmation Response Time | May 2002 | Pennsylvania (GTE) |
| 2 | Firm Order Confirmation Response Time | June 2002 | New York |
| 3 | Firm Order Confirmation Response Time | June 2002 | Massachusetts |
| 4 | Firm Order Confirmation Response Time | June 2002 | Pennsylvania (BA) |
| 5 | Average Installation Interval | September 2001 | New York |
| 6 | Average Installation Interval | January 2002 | Pennsylvania (BA) |
| 7 | Average Installation Interval | April 2002 | Massachusetts |
| 8 | Average Installation Interval | August 2002 | Pennsylvania (GTE) |
| 9 | Percent Installation Commitments Met | June 2002 | New York |
| 10 | Percent Installation Commitments Met | June 2002 | Pennsylvania (GTE) |
| 11 | Percent Installation Commitments Met | August 2002 | Vermont |
| 12 | Percent Installation Commitments Met | August 2002 | New Jersey |
| 13 | Total Trouble Reports | January 2002 | New York |
| 14 | Total Trouble Reports | June 2002 | Pennsylvania (BA) |
| 15 | Total Trouble Reports | July 2002 | Rhode Island |
| 16 | Total Trouble Reports | July 2002 | Pennsylvania (GTE) |
| 17 | Average Repair Interval | September 2001 | New York |
| 18 | Average Repair Interval | June 2002 | Pennsylvania (GTE) |
| 19 | Average Repair Interval | September 2002 | Massachusetts |
| 20 | Average Repair Interval | September 2002 | Pennsylvania (BA) |
| 21 | Average Time of PIC Change | January 2002 | New York |
| 22 | Average Time of PIC Change | April 2002 | Massachusetts |
| 23 | Average Time of PIC Change | September 2002 | Pennsylvania (BA) |

For each of the performance measures selected for replication, we obtained the related underlying transaction data files from management. We inquired of management regarding the methods and/or queries used to extract the underlying data from the Verizon BOC/ILEC's Operational Support Systems and performance measurement systems into the transaction data files. We obtained and reviewed the queries used to extract the data from the underlying operational support systems and performance measurement systems. We compared the queries, including the application of any selection criteria or exclusions, to the business rules obtained in Objective VIII, Procedure 3.

We noted in the queries used for the Maintenance and Repair Measures (Total Trouble Reports, Average Repair Intervals) that the queries used by the Verizon BOC/ILEC use the date the trouble report was closed for purposes of extracting data for the current reporting month. The business rules describe the date as the trouble reports "referred to the ILEC by Interexchange carriers/customers during the current reporting period."

We noted in the queries used for the Maintenance and Repair Measures for the BOC and the ILEC that the queries excluded certain trouble codes which are used by the Verizon BOC/ILEC to classify the nature and characteristics of their trouble report and repair orders. The business rules for the Trouble Report and Average Repair Interval do not specify such exclusions. We inquired of management and management provided the following response:

"Verizon-East reports only those troubles that are considered measured troubles. Measured troubles include the major categories of CO (central office troubles), FAC (outside plant and station troubles) and NTF (no trouble found). The trouble categories of 'IEC' (trouble isolated to IEC equipment or facilities), 'INF' (information ticket) and 'CPE' (trouble isolated to customer equipment) are not considered measured troubles and consequently are not reported. Non-measured troubles are typically administrative in nature or not under the control of Verizon.

Verizon-West reports troubles based on disposition codes. The disposition codes specified in the West identify troubles associated with network terminating facilities, outside plant, transmission & interoffice facilities, central office and no trouble found conditions. The troubles reported in Verizon-West based on these disposition codes are consistent with the measured troubles reported in Verizon-East. Similarly, Verizon-West excludes codes that are administrative or not under Verizon's control, namely, troubles that are isolated to customer error, information tickets and troubles isolated to customer provided equipment."

We noted in the queries used to extract the data for the Pennsylvania (former GTE) Average Installation Interval, Percent Installation Commitments Met, Total Trouble Report and Average Repair Interval that the query excluded certain ACNAs ("ASC," "GIE," "GTT," and "GSX"). The business rules do not specify such exclusion. We inquired of management and management indicated that these ACNAs identify Genuity transactions, a non-affiliate. Management further indicated that there was no installation activity in 2001 and one installation order for Genuity in Pennsylvania (former GTE) in 2002, and that there were four trouble reports in 2001 and one trouble report in 2002 for Genuity in Pennsylvania (former GTE).

We noted in the queries used to extract the Feature Group D installation and repair and maintenance transaction data for Pennsylvania (GTE) that the extraction criteria did not specify Feature Group D, but instead captured "all message data." We inquired of management and management provided the following response:

"Feature Group D is likely the only service contained in all message data. If Ordering/reporting activity would contain small amounts of Feature Groups A, B or C, they would also be included. Verizon's experience indicates that the amount of activity related to Feature Groups A, B or C is immaterial."

We developed independently, based on our review of the business rules for the calculation of the performance measures, program code to apply the algorithms and calculation criteria for the calculation of the performance measures to the underlying transaction data we obtained. Using the program code developed, we recalculated each of the performance measures selected in the modified sample, including the following:

- Recalculated the time intervals at the individual transaction level in all instances where the time interval was calculated and not extracted directly from the Operational Support Systems;
- Recalculated the performance measures for relevant service types (i.e., DSO, DS1, etc.), where required based on the business rules for the performance measure and the classification as required by the procedures. Where the service type was identified in the performance measure, we obtained and examined the Service Class table from management (which provides the classifications for individual service types recorded in the transaction data), and compared the Service Classifications in the transaction data to the Service Classification Table.
- Recalculated the performance measures by the required reporting segmentation (i.e., 272 affiliate, other affiliates, and non affiliates) where required based on the business rules for the performance measures and the segmentation as required by the procedures. We obtained and examined the Customer Table from management (which provides the underlying detail regarding customer codes and their segmentation) and compared the Customer Classifications in the transaction data to the Customer Table.
- Recalculated the standard deviations for the Firm Order Confirmation Response Time, Average Installation Interval, Average Repair Interval and Average Time of PIC Change performance measures selected in our sample, where appropriate.

Throughout the results of our procedures, the term "performance measure" or "performance measure results" relates to the results that have been provided by the Company and provided in Attachment A to this report. The term "individual transaction" relates to individual orders or trouble reports that are included in the performance measure results.

The results of the procedures described above are as follows:

Installation Measures: Firm Order Confirmation Response Time, Average Installation Interval, Percent Installation Commitments Met

 We noted 28 out of the 2,723 individual transactions in the NY Average Installation data for September 2001 were included in the results when they were completed in the prior month. We included these transactions in the current reporting period in our recalculations and noted no differences between our recalculated performance measure result and that reported by the Company. We inquired of management and management provided the following response:

"An order is not completed until all aspects of the order (installation work, testing, inventory, billing, etc.) have been completed and the final disposition of the order has been entered into the system. The "load date" in the West and the "DD CRD" in the East represent the time stamps where the final disposition of the order has been entered into the system. These time stamps represent the earliest date at which results associated with an individual order can be reported. From a system perspective, the actual completion date for the customer installation work is unknown until the final disposition of the order has been entered in to the system. [The vast majority of orders will have an Actual Completion date and a System Completion date that are the same or very close such that reporting occurs in the same month. For a small fraction of orders there is a lag between the actual completion date and the system completion date (due

to stress testing, customer acceptance, etc.) that causes reporting to occur in the month following the completion of the customer installation work. This carryover is unavoidable as the orders cannot be managed until they are completed in the system]. Use of system completion dates is a consistent reporting practice across the Verizon footprint."

- We noted certain differences between our recalculated time intervals for individual transactions and the time intervals calculated for individual transactions by the Verizon BOC/ILEC for the NY Average Installation Interval measure for September 2001.
 - For 10 of the 2,723 individual transactions in the NY Average Installation data for September 2001, our recalculated time intervals were different from the time intervals calculated by the Verizon BOC/ILEC. We inquired of management and management indicated that the Verizon BOC/ILEC's calculation algorithm did not apply all of the appropriate holiday exclusions, resulting in the calculated time interval being understated.
 - For an additional 3 of the 2,723 individual transactions in the NY Average Installation data for September 2001, our recalculated time intervals were different from the time intervals calculated by the Verizon BOC/ILEC. We inquired of management and management indicated that the differences were attributable to the Verizon BOC/ILEC's interval calculation algorithm incorrectly calculating intervals when the start date and end date of the specific transactions were on the weekend on the same day.

As a result of the differences in the interval calculation for the individual transactions described above, we noted the following differences in the Average Installation performance measure results and standard deviation results for the month of September 2001 (Reference Table 29):

Table 29

| No. | NY Average Installation Interval (Days) | Verizon Interval | PwC Interval | Verizon Standard Deviation | PwC Standard Deviation |
|-----|---|---------------------|-----------------|----------------------------------|------------------------------|
| 1 | DS0 Non- Affiliate | 19.3 | 19.2 | 50.5 | 49.5 |
| 2 | DS1 Non-Affiliate | 24.2 | 24.1 | 28.1 | 27.9 |
| 3 | DS3 Non-Affiliate | 51.6 | 51.5 | 63.0 | 62.6 |

• We noted 15 orders out of 9,590 order transactions in the Firm Order Confirmation files obtained from the Verizon BOC/ILEC for which the individual order transaction's calculated time interval did not match our recalculated time interval for that individual order transaction. We inquired of management and management indicated the Verizon BOC/ILEC's calculation algorithm duplicated activity on certain individual order transactions, which overstated their calculated intervals. The time interval difference for the 15 individual order transactions did not impact the performance measure results (when we compared our recalculated performance measure results, we noted no difference.) The time interval difference for the 15 individual order transactions did impact the performance measures' standard deviation. When we

compared our recalculated standard deviations to the Verizon BOC/ILEC's reported standard deviations we noted the following difference (Reference Table 30):

Table 30

| | Pennsylvania (GTE) | | Verizon | |
|-----|--------------------|----------|-----------|--------------|
| | FOC | | Standard | PwC Standard |
| No. | (Days) | Month | Deviation | Deviation |
| 1 | DS1 Non-Affiliate | May 2002 | 1.2 | 1.1 |

Maintenance and Repair Measures: Total Trouble Reports, Average Repair Interval

• We noted one transaction of the New York Trouble Ticket file for January 2002 for which the ACNA (Access Carrier Name Abbreviation) field was blank (the ACNA field is used to identify the Carrier as a 272 affiliate, other affiliate, or non affiliate). We inquired of management and management indicated that they were unable to identify the carrier associated with this transaction as the underlying circuit has been disconnected. We noted that the reported results in Attachment A reported the results of this transaction with the nonaffiliates. We included this transaction in the recalculated nonaffiliate results and noted no differences between our recalculated performance measure results and the Verizon BOC/ILEC's reported performance measure results.

Average Time of PIC Change Measure

• We compared our recalculated Average Time of PIC Change measure results to the Average Time of PIC Change measures reported by the Verizon BOC/ILEC and noted differences in our recalculated result and the Verizon BOC/ILEC's reported result, as detailed in Table 28 below. We inquired of management and management provided the following response:

"The daily AC Sent-To-Switch Summary report is produced by Xpress Electronic Access (XEA) just after midnight for the previous day. The report would contain any records that were processed by the switch and returned to XEA on that previous day. At that time, any records that have not yet been returned to XEA from Switch Manager, though the switch processed them on the previous day, would not appear on the daily Summary report. This appears to be the source of the discrepancy between the Summary report and the Transactional data. To achieve consistency between the two data sources, system enhancements will be implemented."

We noted that the performance measure results were calculated using the AC Sent-To-Switch Summary report and the standard deviations were calculated using the underlying transaction data (Reference Table 31).

Table 31

| No | State | Month | Affiliate/ Nonaffiliate | Verizon Volume | PwC Volume | Verizon Interval (Hours:Mins) | PwC Interval (Hours:Mins) |
|----|-------|--------------|----------------------------|-------------------|---------------|-------------------------------------|---------------------------------|
| 1 | NY | January 2002 | Non Affiliate | *proprietary* | *proprietary* | 7:22 | 7:23 |
| 2 | MA | April 2002 | Affiliate | *proprietary* | *proprietary* | 3:16 | 2:56 |

| | | | | | | Verizon | PwC |
|----|-------|----------------|---------------|---------------|---------------|--------------|--------------|
| | | | Affiliate/ | Verizon | PwC | Interval | Interval |
| No | State | Month | Nonaffiliate | Volume | Volume | (Hours:Mins) | (Hours:Mins) |
| 3 | MA | April 2002 | Non Affiliate | *proprietary* | *proprietary* | 2:08 | 2.08 |
| 4 | PA | September 2002 | Non Affiliate | *proprietary* | *proprietary* | 2:11 | 2.12 |

• We compared our recalculated Average Time of PIC Change measure results to the Average Time of PIC Change measures reported by the Verizon BOC/ILEC and noted differences in our recalculated result and the Verizon BOC/ILEC's reported result, as detailed in the Table below. We inquired of management and management indicated that the differences could be attributed to rounding of transaction data in the calculations (Reference Table 32).

Table 32

| | | | | | | Verizon | |
|-----|-------|--------------|-----------|---------------|---------------|--------------|--------------|
| | | | | Verizon | PwC | Interval | PwC Interval |
| No. | State | Month | Carrier | Volume | Volume | (Hours:Mins) | (Hours:Mins) |
| 1 | NY | January 2002 | Affiliate | *proprietary* | *proprietary* | 1:11 | 1:12 |

- Management self-disclosed that PIC change orders from two outside vendors
 providing sales services for a Section 272 affiliate were not captured in the Average
 Time of PIC Change measure prior to July 8, 2002. We inquired of management as
 to the impact of the PIC change orders from two outside vendors and management
 indicated that they had researched the impact and determined that the inclusion of
 these additional PIC orders would result in longer Average PIC Intervals for the
 Section 272 affiliate.
- 6. We inquired of management and documented how and where the Verizon BOC/ILEC makes available to unaffiliated entities information regarding service intervals in providing service to the Section 272 affiliates, other affiliates and nonaffiliates.

Management indicated that a schedule that specifies the access services and quantities of services that can be provided in standard minimum provisioning intervals is made available to all access customers. Management indicated that a copy of this schedule is made available upon request and all carrier customers can obtain this schedule via access to the Verizon wholesale website. Management further indicated that customers could obtain information about these intervals by discussing the schedule with Verizon Account Managers and/or Verizon Customer Service Representatives. We inspected the Verizon wholesale website and noted a schedule which specifies the access services and quantities of services and their corresponding standard minimum provisioning intervals for the BOC. We noted similar information was available on the website for DS3 circuits for the ILEC.

Management also indicated that it does not routinely make available to unaffiliated entities information on service intervals in providing service to Section 272 affiliates, other affiliates, and nonaffiliates. Management also indicated that the Verizon BOC/ILEC's procedures address requests from individual entities for BOC service actually experienced interval data on a case-by-case basis. Management indicated that information requests of this nature enter the business through various channels (e.g. account manager, Carrier Account Team Centers (CATCs), legal, or senior management). Once the request is identified regulatory is notified.

Regulatory, in turn, contacts the business owner to aggregate information pertinent to the request using the Verizon BOC/ILEC business rules identified for Section 272(e)(1) reporting. Management further indicated that this response, limited to data consistent with the Verizon BOC/ILEC's current obligations under regulation, is provided in a timely manner to the requesting party.

Objective IX: The BOC Shall Not Discriminate Against Any Entity in the Provision of Exchange Access Facilities and Services

1. We obtained from management a list of exchange access services and facilities with their related tariff rates offered by the Verizon BOC/ILEC to each Section 272 affiliate.

We requested brochures, advertisements of any kind, bill inserts, correspondence, or any other media used to inform carriers of the availability of exchange access services and facilities. Management indicated that the informational media used to inform carriers of the availability of these services includes industry letters, the Verizon Wholesale Markets website, Account Team contacts, tariffs, and the Section 272 affiliate website.

We inspected the industry letters and noted that there were no rates, terms, and conditions. We inquired of management and management indicated that the industry letters are made available through the Verizon Wholesale Markets website, which also refers potential customers to their Verizon Account Team for pricing information. Management also indicated that Verizon's Account Team refers customers to the appropriate tariff when a customer calls to inquire of related rates.

We noted that hyperlinks to the tariffs are available through the Verizon Wholesale Markets and the Section 272 affiliates websites. We also noted that the hyperlinks on both the Verizon Wholesale Markets and the Section 272 affiliates websites lead to the identical web page containing the tariffs, http://www.bellatlantic.com/tariffs_info/fcc/index.htm. The related tariffs include the rates, terms and conditions for exchange access services and facilities provided by the Verizon BOC/ILEC.

We inspected all forms of the informational media used to inform carriers of the availability of exchange access services and facilities, and noted that these services are priced pursuant to the same tariffs as each Section 272 affiliate.

- 2. We requested a list of invoices for exchange access services and facilities, by Billing Account Number ("BAN"), for September 2002 (month selected by the Joint Oversight Team ("JOT")), rendered by the Verizon BOC/ILEC to Section 272 affiliates. We obtained a list of invoices for exchange access services and facilities, by Billing Account Number ("BAN"), for September 2002 rendered by the Verizon BOC/ILEC to GNI and VSSI. Management indicated that there were no exchange access transactions between VADI and the Section 272 affiliates in the month of September 2002. We inquired of management and management indicated that VLD, VES, and GSI did not purchase exchange access services and facilities for September 2002 from the Verizon BOC/ILECs. We selected a random sample of 100 out of a population of 367,971 billed items. The sample selected originated from 20 September 2002 invoices. We requested a list of the top ten IXC's, as agreed to by the JOT that purchased the related service in September 2002, using amount billed and central office locations as criteria. We inspected the underlying details of the invoices and compared the rates charged to GNI and VSSI with those charged to IXC's for the same services and noted the following:
 - For 95 of the 100 billed items, we noted no differences.
 - For 5 of the 100 billed items, we inquired of management and management indicated that there were no IXC's that purchased the selected billed item in the related Central Office.

We inquired of management and management indicated that exchange access services are priced pursuant to tariffs, which include rates, terms, and conditions.

3. For the 100 billed items from 20 invoices obtained in Procedure 2 above, we were unable to compare the invoice amounts to the amount recorded by the Verizon BOC/ILEC's in their general ledger. Management indicated that the amount recorded in the Verizon BOC/ILEC general ledger for exchange access services is an aggregate amount entered in batches, and not on a per-invoice basis. We obtained from management the aggregate amount booked by the Verizon BOC/ILEC in their general ledger for September 2002. We also obtained a written narrative describing how the Verizon BOC/ILEC's billing systems feed into the general ledger.

We obtained the Electronic Funds Transfer ("EFT") statements for the Section 272 affiliates, and compared the amount invoiced for the sample to the amount paid. We noted the following:

- For 18 of the 20 invoices, we noted no differences.
- For 1 of the 20 invoices, we noted differences resulting from late payments and outstanding credits.
- For 1 of the 20 invoices, management did not provide the related amount paid.

Objective X: The BOC Shall Impute to Itself the Same Amount for Exchange Access as that Charged Unaffiliated Entities

- 1. We obtained the list of interLATA services offered by the Verizon BOC/ILEC consisting of E911 interLATA Information Services ("E911"), Common Channel Signaling Access Service ("CCSAS") Gateway Access Service, National Directory Assistance ("NDA") Service, and Customer Name and Address Service ("CNAS"). We discussed the list with the Verizon BOC/ILEC who indicated that the list was complete. We compared services appearing on the list with the interLATA services disclosed in the Verizon BOC/ILEC's Cost Allocation Manual ("CAM") and noted no differences. We compared the non-regulated interLATA services listed in the Verizon BOC/ILEC's CAM with those defined as incidental in Section 271(g) of the Act and those interLATA services allowed under FCC Order and noted no differences.
- 2. From a population of four interLATA services offered by the Verizon BOC/ILEC in Procedure 1 above, we selected all four services for our sample. These services were E911, CCSAS, NDA, and CNAS. Management indicated that although the Verizon BOC/ILEC offer CNAS from September 2, 2002 through September 30, 2002, the service was not purchased by an unaffiliated entity or used by the Verizon BOC/ILEC.

For E911, CCSAS, and NDA, we obtained the analyses prepared by management and used to calculate the amount the Verizon BOC/ILECs impute (charge) themselves for access, switching, and transport. We also obtained usage details and tariff rates for each of the above elements. We compared rates used in the imputation studies with the tariff rates and noted no differences.

We compared the Verizon BOC/ILEC's imputation study amounts to their journal entries and noted the following:

- For E911, we noted no differences.
- For CCSAS, we noted that the imputation study amounts in Maine, Massachusetts, New Hampshire, New York, Rhode Island, and Vermont do not match the corresponding journal entries for each state. We inquired of management and management indicated that although the journal entries do not match the imputation study amounts on a jurisdictional basis, the combined imputation study amounts for New York and the New England states matches the total of the corresponding journal entries. Management indicated that the jurisdictional allocations were corrected in February 2003. We obtained from management the correcting journal entry that was made in February 2003 and their associated general ledgers (Reference Table 33).

Table 33

| No. | State | Difference between Journal Entry and Study Amount*# |
|-----|---------------|---|
| 1 | Maine | 1,127.52 |
| 2 | Massachusetts | 1,457.47 |
| 3 | New Hampshire | (1,844.13) |
| 4 | New York | (18,463.86) |
| 5 | Rhode Island | (183.74) |
| 6 | Vermont | 17,906.74 |

^{*} Cumulative differences for the time period February 2000 – October 2002.

Management did not provide journal entries for Maryland, New Jersey, Pennsylvania, Virginia, and West Virginia for September 2002. We inquired of Management and management indicated that, "Due to work constraints, entries, which would have normally been booked in November 2002, were not. These entries are relatively small in nature and will be updated along with the quarterly journal entry in February 2003."

According to the imputation study amounts provided for Maryland, New Jersey, Pennsylvania, Virginia, and West Virginia, the following amounts should have been booked in September 2002. We obtained from management the correcting journal entry that was made in February 2003 and their associated general ledgers (Reference Table 34):

Table 34

| No. | State | Study Monthly Amount |
|-----|---------------|----------------------|
| 1 | Maryland | \$ 802.87 |
| 2 | New Jersey | \$ 390.80 |
| 3 | Pennsylvania | \$ 1,495.30 |
| 4 | Virginia | \$ 2,116.39 |
| 5 | West Virginia | \$ 472.00 |

Management indicated that NDA service was comprised of two components: NDA
 Transport Service and NDA DIP Service. For NDA Transport Service, we noted no
 differences.

For NDA DIP Service, we noted that the January 2001 and February 2001 journal entries in Massachusetts do not match the imputation study amounts. We inquired of management and management indicated that the journal entry in January 2001 was incorrect by (\$5,790.47). Management indicated the amount was corrected in February 2001. We obtained from management the correcting journal entry that was made in February 2001 and their associated general ledgers.

For NDA DIP Service, we noted that the September 2001 journal entries in Delaware and Pennsylvania do not match the imputation study amounts. The differences are (Reference Table 35):

[#] Differences shown represent journal entry amount less study amount.

Table 35

| No. | State | Difference between Monthly Amount and Journal Entry [#] | | | |
|---|---------------|---|--|--|--|
| 1 | Delaware | (6,435.04) | | | |
| 2 | Pennsylvania | 6,435.04 | | | |
| # Differences shown represent monthly amount less journal | | | | | |
| entry a | entry amount. | | | | |

We inquired of management and management indicated that the amounts were reversed for the two states. We obtained from management the correcting journal entry that was made in February 2003 and their associated general ledgers.

We traced the journal entries for the services to the general ledger and noted no differences.

3. For exchange access services, local exchange services, and unbundled network elements, we requested the total amount the Section 272 affiliates recorded and paid to the Verizon BOC/ILEC from January 3, 2001 through January 2, 2003. Management indicated that GNI and VSSI purchased exchange access services from January 3, 2001 through December 31, 2001; and VLD and GNI purchased exchange access services from January 3, 2002 through December 31, 2002. Management indicated that VLD, VES, GNI, and GSI purchased local exchange services from the Verizon BOC/ILEC from January 3, 2001 through January 2, 2003. Management also indicated that no Section 272 affiliates purchased unbundled network elements from January 3, 2001 through January 2, 2003.

For exchange access services, we compared the amounts recorded and paid by VLD, GNI, and VSSI to the Verizon BOC/ILECs and noted no differences. We compared the amount of revenue reflected in the Verizon BOC/ILEC's books to the amount the Section 272 affiliates paid. We noted a difference of \$9,110,138.91. We inquired of management and management indicated that reconciling items included late payment charges, disputed amounts, and timing differences between the issuance and payment of the bill. We compared the amount of revenue reflected in VADI's books to the amount paid by GNI and noted a difference of \$5.15.

For local exchange services, we compared the amounts recorded and paid by VLD, VES, GNI, and GSI and noted no differences. We requested the amount of revenue reflected in the Verizon BOC/ILECs books for local exchange services from the Section 272 affiliates. Management was unable to provide the amount of revenue reflected in the Verizon BOC/ILECs books for local exchange services provided to the Section 272 affiliates. Management indicated the following:

"Verizon East records revenue and receivable amounts in its billings systems at a detail customer level. These amounts are summarized at a financial account code level as they pass to the BOC's general ledger systems. These amounts are aggregated on the books of the BOC's to various FCC USOA accounts. There are internal control functions in place between the billing systems and financial systems to ensure all billed levels are recorded. Receivable collection systems maintain currently due and past due balances from customers regardless of whether the customer is an affiliate or not. There is also matchoff process in place whereby the expenses recorded by the affiliate correspond to the revenue booked by the BOC. This process is used to eliminate intercompany revenue and expenses."

Objective XI: The BOC May Not Discriminate Against Any Entity in the Provision of InterLATA or IntraLATA Facilities and Services

 We requested from management a list of interLATA network services and facilities with their related rates offered by the Verizon BOC/ILEC to each Section 272 affiliate. Management indicated that Wholesale National Directory Assistance ("WNDA") service rendered by the Verizon BOC/ILEC to GNI was the only interLATA network service and/or facility rendered by the Verizon BOC/ILEC to both affiliate and unaffiliated carriers from January 3, 2001 through January 2, 2003.

We requested brochures, advertisements of any kind, bill inserts, correspondence, or any other media used to inform carriers of the availability of interLATA network services and facilities. Management indicated that the informational media used to inform carriers of the availability of these services includes- a brochure distributed to customer sales contacts at trade shows and other face-to-face venues with potential customers, the Verizon Wholesale Markets Services website, Account Team contacts, and the Section 272 affiliate website.

We inspected the brochure and noted that there were no rates, terms, and conditions. We inquired of management and management indicated that Verizon's Wholesale Markets website refers customers to their Account Team for pricing information. Management also indicated that Verizon's Account Team refers customers to a non-discriminatory contract when a customer calls to inquire of related rates. We noted that a summary of the non-discriminatory contract is posted on the Section 272 affiliate websites, which indicates the related rates, terms, and conditions of the contract.

We inspected all the informational media used to inform carriers of the availability of interLATA network services and facilities and noted that the service was priced pursuant to the same non-discriminatory contract as GNI.

- 2. Management indicated that WNDA service rendered by the Verizon BOC/ILEC to GNI was the only interLATA network service and facility rendered by the Verizon BOC/ILEC to a Section 272 affiliate from January 3, 2001 to January 2, 2003. Management indicated that there were no WNDA services rendered by VADI to the Section 272 affiliates from January 3, 2001 to January 2, 2003. We obtained the invoice for Wholesale National Directory Assistance service rendered by the Verizon BOC/ILEC to GNI for September 2002 (month selected by the JOT). Management indicated that no IXCs purchased Wholesale National Directory Assistance service from the Verizon BOC/ILEC during January 3, 2001 through January 2, 2003. Consequently, we could not compare rates, terms, and conditions charged to GNI to those of unaffiliated carriers.
- 3. For the invoice obtained in Procedure 2 above, we were unable to compare the amount invoiced to GNI for WNDA service to the amount recorded by the Verizon BOC/ILEC's in their general ledger. Management indicated that the amount recorded in the Verizon BOC/ILEC general ledger for this service is an aggregate amount entered in batches, and not on a per-invoice basis. We obtained a written narrative describing how the Verizon BOC/ILEC's billing systems feed into the general ledger. We also obtained a narrative from management indicating the amount booked by the Verizon BOC/ILEC in their general ledger for September 2002 for WNDA.

We noted the amount booked in the general ledger as indicated by management differs from the amount invoiced to GNI by \$8,706.60. Management indicated the difference of \$8,706.60 "is attributable to revenue from MA CLECs who obtain national directory assistance as part of comprehensive Local Directory Assistance and Operator Services arrangements provided to those companies. Therefore, these CLECs did not receive the same service but the revenues were booked to the same MA account."

We obtained the corresponding EFT statement for the WNDA GNI invoice and compared the invoice amount to the amount on the EFT statement and noted a difference of \$4,719.96. Management indicated that the difference related to a late payment charge that GNI has disputed.

Appendix B enumerates the procedures performed in connection with the Verizon BOC/ILEC, and the former GTE Section 272 affiliates⁴

- A. Where the procedures refer to "ILEC", we performed the procedures only in states that the BOC received Section 271 authority as of the engagement period (Reference Appendix A for our results).
- B. For the following Section 272 affiliates, CICI, TCI, TCQI, CANTV, and TNZ USA, we completed the following:
 - 1. We inquired of management and management provided the interLATA revenue and number of interLATA customers data to the Oversight Team.
 - 2. We inquired of management of the following:
 - a. Were there any changes in the Company's certificate of incorporation, bylaws, and articles of incorporation, or any "doing business as" (DBA) name change, since the last engagement period?
 - b. Did any Verizon BOC/ILEC perform operations, installation, and maintenance functions over facilities either owned or leased by the affiliate?
 - c. Did the Company perform operations, installation, and maintenance functions over facilities either owned or leased by a Verizon BOC/ILEC?
 - d. Did any Verizon BOC/ILEC perform research and development activities on behalf of the affiliate?
 - e. Were there any facilities owned jointly with a Verizon BOC/ILEC?
 - f. Was the Company's general ledger linked in any way (outside of linkage at corporate headquarters for consolidations) to the general ledger of any Verizon BOC/ILEC?
 - g. Did the Company maintain any books, records, or accounts that were not separate from those of any Verizon BOC/ILEC?
 - h. Were there any books, records, or accounts that were not maintained in accordance with GAAP? Were there any leases that were not accounted for in accordance with GAAP?
 - i. Did any directors or officers of the Company serve simultaneously as a director and/or officer of any Verizon BOC/ILEC?

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⁴ For the purposes of this document, the former GTE Section 272 affiliates are CODETEL International Communications Inc (CICI), TELUS Communications Inc (TCI), TELUS Communications Quebec Inc (TCQI), Compania Anonima Nacional Telefonos de Venezuela (CANTV), and Telecom New Zealand USA Limited (TNZ USA).

- j. Were any employees of the Company employed simultaneous by any Verizon BOC/ILEC?
- k. Did the Company have any recourse, in any manner, to any Verizon BOC's/ILEC's assets?
- l. Were any assets sold or transferred between any Verizon BOC/ILEC and the Company?

Management indicated "no" for each of the above questions for CICI, TCQI, and TNZ USA. For TCI, management indicated "no" for questions "a" and "d" to "k". Management indicated "yes" for questions "b", "c", and "l" for TCI. For CANTV, management indicated "no" for each of the above questions except for question "i", where they indicated "yes".

• We performed Objective I, Procedure 3 for TCI and noted the following:

We inquired of management which entities perform operations, installation and maintenance ("OI&M") functions over facilities either owned or leased by TCI. Management indicated the following:

"GTE Communication Systems Corporation, a non-regulated Verizon affiliate, acting through its Verizon Logistics division provided repair of plug-in cards for TCI switches located in Canada from the merger closing date through 2002. As part of the repair service, Verizon Logistics tested the plug-in cards on a test switch owned by Verizon California. The test switch was not connected to the network. Verizon Logistics discontinued providing the services to TCI in 2002. A contract between TCI and Verizon California for use of the test switch by Verizon Logistics during the past period was executed on April 10, 2003. Said agreement has been posted to the TCI Section 272 website for public inspection. Verizon Logistics is currently training TCI employees to repair their own cards."

We requested management's definition and interpretation of OI&M functions and management indicated the following:

"Verizon's management has included the following guidance in its Affiliate Transaction Policy. This guidance, which is based on para. 158 of the non-accounting safeguards order in FCC Docket 96-149, is Verizon's definition of OIM. Like the FCC's order, Verizon's instructions for compliance with this requirement rely on the common meaning of the words in the FCC's rules. Specific cases are reviewed by counsel. Under the 272 regulations, the FCC prohibits Verizon's ILECs and any Verizon affiliate, other than another Section 272 affiliate, from performing operation, installation or maintenance (O,I or M) functions associated with switching or transmission facilities owned or leased by a Section 272 affiliate. An ILEC and Section 272 affiliate may not have joint ownership of transmission and switching facilities or the land and buildings where those facilities are located. A Section 272 affiliate may not perform operations, installation, or maintenance functions associated with switching or transmission facilities owned or leased by the ILECs."

We inquired of management whether or not any of these services are being performed by Verizon BOC/ILECs and other affiliates, on facilities either owned or leased by TCI. Management indicated the following:

"Between January 18, 2001 and January 22, 2002 TCI's Systems Support and Repair organization located in Burnaby, British Columbia repaired six Verizon GTD5 plugin cards sent by Verizon Logistics for repair on behalf of Verizon Florida. TCI agreed to provide Verizon repair services and services were provided on an "as is" basis, without any representations or warranties of any kind. The total charge for the service was \$2,636.02. On March 12, 2003, a services agreement was entered into between TCI and Verizon regarding these transactions. Said agreement has been posted to the TCI Section 272 website for public inspection."

• We performed the "joint ownership test" in Objective I, Procedure 5 for TCI and noted the following:

During the period from January 3, 2001 through September 30, 2002, Verizon Florida purchased plug-in equipment from TCI. Management indicated that, occasionally, TCI posts on the Verizon Recovery Operations website requests for quotations ("RFQ") for surplus or used materials it no longer requires and wants to sell. The Verizon Recovery Operations website, http://www.verizonro.com, is a publicly accessible site.

On April 1, 2001, October 3, 2001, March 4, 2002, and June 4, 2002, TCI posted RFQs for used and surplus equipment. Verizon Florida submitted bids on the equipment listed in the RFQs.

- On April 20, 2001, TCI awarded the bid for equipment contained in the April RFQ to Verizon Florida, the highest bidder for the equipment.
- On October 2001, TCI awarded the bid for equipment contained in the October RFQ to Verizon Florida, the only bidder for the equipment.
- On March 18, 2002, TCI awarded the bid for equipment contained in the March RFQ to Verizon Florida, the only bidder for the equipment.
- On June 28, 2002, TCI awarded the bid for equipment contained in the June RFQ to Verizon Florida, the highest bidder.

We obtained from management a copy of the invoices sent by TCI to Verizon Florida for the equipment purchases. We noted that the equipment was "invoiced to" and "shipped to" Verizon Florida. We inquired of management and management indicated that the equipment was priced at prevailing market rate.

- On June 12, 2003, "Management indicated there were instances of common officers and directors between CANTV and Puerto Rico Telephone Company. Management indicated this situation is under review. CANTV began operating as a Section 272 affiliate in November 2001." Due to the late disclosure of the item, we were unable to perform Objective III, Procedure 1 prior to the filing of the report.
- 3. Reference Objective V/VI, Procedure 1 for the former GTE Section 272 affiliates outlined in part d) below.

- 4. We inquired of management as to the existence of any former GTE Section 272 affiliate transactions and/or relationships between the former GTE Section 272 affiliates and the Verizon BOC/ILEC. We obtained details of the transactions and performed the procedures for Objectives V/VI through Objective XI as outlined Appendix B-1.
- 5. We obtained management representation letters as listed in paragraphs 22, 23, and 24. The report discloses any instances of noncompliance revealed by the company in their management representation letters.
- C. For the following Section 272 affiliate, VSSI, we performed all procedures under Objectives I through XI. Reference Appendix A for our results.
- D. Relationship between Section 272 affiliates, other than those mentioned above, and all the ILECs:

We inquired of management as to whether any relationship in terms of structural, transactional, and nondiscrimination requirements exist between VLD, VES, GNI, and GSI and the Verizon ILECs. Management indicated that:

"All relationships and transactions between the former GTE ILECs and VLD, VES, GNI and GSI have been provided in response to the applicable procedures in Objectives 1 through 7. For Objectives 8 through 11, as required by the procedures, data was provided for the former GTE ILECs only in those states that the BOC received 272 authority as of the engagement period."

Reference Appendix A for our results.

Appendix B-1 Enumerates Procedures for Former GTE 272 Affiliates, Step D

Objective V & VI: Affiliate Shall Conduct All Transactions with the BOC at Arm's Length, and the BOC Shall Account for All Transactions with the Separate Affiliate in Accordance with FCC Rules

1. We documented in our workpapers the procedures used by the Verizon BOC/ILECs to identify, track, respond, and take corrective action to competitors' complaints with respect to alleged violations of the Section 272 requirements.

We obtained from the Verizon BOC/ILECs a list of all FCC formal complaints, as defined in 47 CFR 1.720; FCC informal complaints, as defined in 47 CFR 1.716, and any written complaints made to a state regulatory commission from competitors involving the provision or procurement of goods, services, facilities, and information, or in the establishment of standards which were filed from January 3, 2001 through September 30, 2002. We also obtained a list of outstanding complaints from the prior engagement period, January 3, 2000 through January 2, 2001, which had not been resolved during that period. This list categorizes the complaints as follows:

- allegations of cross-subsidies (for Objective V and VI);
- allegations of discriminatory provision or procurement of goods, services, facilities, customer network services information (excludes customer proprietary network information (CPNI)), or the establishment of standards (for Objective VII);
- allegations of discriminatory processing of orders for, and provisioning of, exchange access and exchange services and unbundled network elements, and discriminatory resolution of network problems (for Objective VIII);
- allegations of discriminatory availability of exchange access facilities (for Objective IX);
- allegations of discriminatory availability of interLATA facilities or services not at the same rates and not on the same terms and conditions as the interLATA affiliate (for Objective XI);

For each group of complaints, we inquired of management and reviewed documentation as to how many of the complaints were under investigation, how many complaints had been resolved, and in what time frame they had been resolved. For those complaints that had been resolved, we inquired of management how those allegations were concluded, and if the complaint was upheld, what steps the Company has taken to prevent those practices from recurring. Management indicated the following:

- No formal and/or informal complaints have been made by competitors against TNZ USA, CICI, TCI, TCQI, and CANTV during the engagement period.
- There are no outstanding complaints against TNZ USA, CICI, TCI, TCQI, and CANTV that have not been resolved from the prior engagement period.
- 2. We inquired of management and management indicated that the Verizon BOC/ILEC current written procedures for transactions with affiliates apply to all Section 272 affiliates, including former GTE Section 272 affiliates.
- 3. We inquired of management and management indicated that there are procedures for disseminating the FCC rules and regulations and raising awareness among employees for

compliance with the affiliate transactions rules for all Section 272 affiliates, including former GTE Section 272 affiliates.

We inquired of management and management indicated that an affiliate compliance training course, which included a Section 272 affiliate section, was presented to representatives of the former GTE Section 272 affiliates. Management indicated that affiliate compliance training courses were presented to the former GTE Section 272 affiliates on the following dates:

- CANTV 09/20/2002
- **TCI** 12/05/2001
- **CICI** 04/2001
- TNZ USA 01/2002
- 4. We obtained a list of all written agreements for services between the Verizon BOC/ILEC and each former GTE Section 272 affiliate that were in effect from January 3, 2001 through September 30, 2002. We inquired of management and management indicated that there were no agreements for interLATA and exchange access facilities between the Verizon BOC/ILEC and the former GTE Section 272 affiliates from January 3, 2001 through September 30, 2002. For the 6 agreements, we obtained copies of written agreements and summarized these agreements in our workpapers, noting names of parties, type of service, rates, terms, and conditions. We further noted which agreements were still in effect as of September 30, 2002 and for those agreements which were no longer in effect, indicated the termination date. We inquired of management and management indicated that none of the 6 agreements provided for the former GTE Section 272 affiliates were terminated prematurely.

We inquired of management regarding the provisioning of services without written agreements. Management indicated the following (Reference Appendix A, Objective V/VI, Procedure 4):

• "During the engagement period of January 3, 2001 through September 30, 2002, the following instances describe the provisioning of services prior to the execution of a written agreement or amendment. All of the 6 instances have been reviewed and written agreements/amendments were executed as needed. In all cases, contracts were executed when the condition was identified. Since Verizon began its Section 272 compliance activities, more than 1300 contractual arrangements have been executed.

All instances reflect GTE relationships/activities that were in place prior to the merger with Bell Atlantic and that continued without a contract for a period after the merger. All of the activities have since been contracted (for the past period) and terminated.

• 5 of the 6 are associated activities between a former GTE ILEC and a minority-owned international Section 272 company. The collective billing for four of these contracts is \$30,000. All five resulted in cumulative billings of about \$200,000.

The following describes the specific 5 instances:

• "Service Bureau Agreement for Network Operations Center (NOC) Services – TELUS Communications Inc. (TCI) received NOC services from the ILECs (former GTE) via a service bureau agreement executed June 23, 1998 (pre-merger). This agreement had a termination date of June 22, 2001. On June 29, 2001, Verizon sent a

letter to TCI documenting their mutual decision to extend the service bureau agreement for a period of 30 calendar days, renewable in 30-day increments, and cancelable by either party on 30 days notice. On June 29, 2001, TCI signed the extension letter. On October 22, 2002 Verizon sent a letter to TCI terminating the agreement as of December 31, 2002. Both the June 2001 and October 2002 letters were posted on November 1, 2002.

- Training Services This entails TELUS Communications Inc.'s (TCI's) provision of training services to Verizon Hawaii and Verizon South (North Carolina) between January 1, 2001 and January 1, 2002. TCI's Learning Services organization provided training to unaffiliated third parties, until July 17, 2002, at which time the TCI Learning Services organization divested its external training business. TCI conducted 27 sessions for Verizon Hawaii and 2 sessions for Verizon South. All sessions were associated with managing Norstar or Meridian office systems. A written agreement has been executed, retroactive to the start of these services.
- Equipment Purchases This entails Verizon Florida's purchase of plug-in equipment from TELUS Communications Inc. ("TCI"). From time to time, TCI posts on the Verizon Recovery Operations website (http://www.verizonro.com), a website available to the public, requests for quotations ("RFQs") for surplus or used materials it no longer requires and wishes to sell. On April 1, 2001, October 3, 2001, March 4, 2002 and June 4, 2002, TCI posted RFQs for used Nortel equipment and other used and surplus equipment. Verizon Florida submitted bids on the equipment in these RFQs.
 - TCI, on April 20, 2001, awarded the bid for equipment contained in the April RFQ to Verizon Florida, the highest bidder for the equipment.
 - TCI, on October 2001, awarded the bid for equipment contained in the October RFQ to Verizon Florida, the only bidder for the equipment.
 - TCI, on March 18, 2002, awarded the bid for equipment contained in the March RFO to Verizon Florida, the only bidder for the equipment.
 - TCI, on June 28, 2002, awarded the bid for equipment contained in the June RFQ to Verizon Florida, the highest bidder.

A written agreement has been executed to reflect the 2002 Verizon Florida's purchase of the TCI equipment. An amendment to incorporate the 2001 purchases is currently being developed.

- <u>Use of CA Test Switch-</u> Verizon Logistics, a non-regulated Verizon affiliate, had been providing repair of plug in cards for TCI since 1995 and continued to do so after the merger closing date and through 2002. As part of the repair service, Verizon Logistics tested the plug-in cards on Verizon CA owned test (not connected to the network) switch. The contract for this service was executed on April 10, 2003. TCI no longer does repair work for parties external to TCI and, further, TCI has a process in place to return requested repair work if Verizon mistakenly sends such requests to TCI."
- Repair Services Between January 18, 2001 and January 22, 2002, TCI's Systems Support and Repair organization located in Burnaby, British Columbia repaired certain Verizon GTD5 plug-in cards sent by Verizon Logistics for repair on behalf of

Verizon Florida. TCI agreed to provide Verizon repair services and services were provided on an "as is" basis, without any representation or warranties of any kind. On March 12, 2003, a services agreement was entered into between TCI and Verizon regarding these transactions. Said agreement has been posted to the TCI Section 272 website for public inspection."

- "During the engagement period of January 2001 through September 2002, the following instance describes the provisioning of services prior to the execution of a written agreement or amendment. A written agreement/amendment will be prepared and executed. The following describes the 6th instance:
 - Telecommunications Services This entails TELUS Communications Inc.'s (TCI) purchase of tariffed local telecommunications services from Verizon New Hampshire, Verizon New York, Verizon Maryland, and Verizon New Jersey between January 1, 2001 and December 31, 2002. TCI has telecommunications agreements with the former GTE LECs but not with the LECs of the former Bell Atlantic. As such, an Amendment #5 to the Amended and Restated Application for Services Agreement will be prepared and executed to cover the provision of telecommunications services to TCI in all the former Bell Atlantic jurisdictions."
- 5. Using the sample of the agreements obtained in Procedure 4, we viewed each company's web site on the Internet:
 - http://www.baglobal.com/tnzusa/regrequirements.asp for TNZ USA
 - http://www.baglobal.com/codetel/ for CICI
 - http://www.baglobal.com/telus/regRequirements.asp for TCI

We inquired of management and management indicated that there were no contracts between the Verizon BOC/ILEC and TCQI or CANTV.

We printed copies of the web postings for the 6 written agreements obtained in Procedure 4 above. We compared the rates, terms and conditions of services between the web postings and the written agreements provided in Procedure 4 above and noted no differences.

We compared the execution date to the post date for the web postings for the 6 written agreements and noted the following:

• Management disclosed a list of agreements that were posted after ten days of signing the agreement or the provisioning of the service (Reference Table 36).

Table 36

| No. | Agreement/Amendment | Execution Date | Post Date |
|-----|---|-----------------------|------------|
| 1 | Directory Assistance Agreement | 08/15/2000 | 09/22/2000 |
| 2 | Service Bureau Agreement | 06/23/1998 | 09/22/2000 |
| 3 | Extension of Service Bureau Agreement | 06/29/2001 | 11/01/2002 |
| 4 | Termination of Service Bureau Agreement | 10/17/2002 | 11/01/2002 |

We noted that each affiliate has made available on its website its procedures for posting contract summaries on a timely basis.

We reviewed the web postings for the following to allow evaluation for compliance with accounting rules (CC Docket No. 96-150, Report and Order, paragraph 122):

- Frequency of recurring transactions
- The approximate date of completed transactions
- Type of personnel assigned to the project
- The level of expertise of such personnel (including the associated rate per service unit
- Special equipment
- Whether they stated if the hourly rate is a fully loaded rate
- Whether or not the rate includes the cost of materials and all direct and indirect miscellaneous and overhead costs for goods and services priced at Fully Distributed Cost ("FDC")

We noted that the web postings contained the disclosures noted above to allow evaluation with the accounting rules.

- 6. We requested a listing and amounts of all services rendered by month by the Verizon BOC/ILEC to the former GTE Section 272 affiliates from January 3, 2001 through September 30, 3002. We inquired of management and management indicated that all of these services, except tariffed telecommunications services made available to the former GTE Section 272 affiliates, have been terminated. Tariffed telecommunications services are available to third parties.
- 7. We requested a listing and amounts of all services rendered by month to the Verizon BOC/ILECs by each former GTE Section 272 affiliate from January 3, 2001 through September 30, 2002. Management indicated that the only services provided to the Verizon BOC/ILECs by the former GTE Section 272 affiliates were Directory Assistance. We inquired of management and management indicated that TCI was the only former GTE Section 272 affiliate that provided Directory Assistance to the Verizon BOC/ILEC. We inquired of management and management indicated that the service was priced pursuant to Prevailing Market Price ("PMP"). We traced the invoice amount to the books of the former GTE Section 272 affiliate and noted no differences. We compared the amount the Verizon BOC/ILEC recorded in its books to the amount the Verizon BOC/ILEC paid and noted no differences.
- 8. We inquired of management and management indicated that there were no assets purchased or transferred from the Verizon BOC/ILECs to the former GTE Section 272 affiliates from January 3, 2001 through September 30, 2002.

We inquired of management and management indicated that there were no assets purchased or transferred by TNZ USA, TCI, TCQI, and CANTV from another affiliate from January 3, 2001 through September 30, 2002.

Management indicated the following for CICI:

"Most of CICI's communications equipment was lost in the September 11, 2001 World Trade Center tragedy. Because of the urgency of the situation and to facilitate the purchase, GSI purchased the replacement equipment from an outside vendor. Codetel, C. por A., then purchased the equipment from GSI at that time; and in July 2002, CICI purchased the communications equipment from Codetel, C. por A. As is readily apparent, none of these transactions involved a BOC or ILEC."

- 9. For the former GTE Section 272 affiliates, we requested from management a list of assets and/or services priced pursuant to Section 252(e) or Section 252(f). Management indicated that the former GTE Section 272 affiliates did not purchase any assets and/or services priced pursuant to Section 252(e) or Section 252(f) from January 3, 2001 through September 30, 2002.
- 10. We inquired of management and management indicated that there were no asset transfers amongst the Verizon BOC/ILECs and the former GTE Section 272 affiliates from January 3, 2001 through January 2, 2003.

Objective VII: The BOC May Not Discriminate Against Any Entity in the Provision of Goods and Services

1. We requested the Verizon BOC's procurement awards to each of the former GTE Section 272 affiliates as well as the bids submitted by each of the former GTE Section 272 affiliates and third parties. Management indicated there were no Verizon BOC procurement awards to CICI, TCQI, CANTV, and TNZ USA from January 3, 2001 through September 30, 2002.

For TCI, management indicated the following:

Verizon Florida purchased plug-in equipment from TCI during the period from January 3, 2001 through September 30, 2002. Occasionally, TCI posts on the Verizon Recovery Operations website (http://www.verizonro.com) requests for quotations ("RFQ") for surplus or used equipment it no longer requires and wants to sell. The Verizon Recovery Operations website is a publicly accessible site.

On April 1, 2001, October 3, 2001, March 4, 2002, and June 4, 2002, TCI posted RFQs for used and surplus equipment. Verizon Florida submitted bids on the equipment listed in the RFQs.

- On April 20, 2001, TCI awarded the bid for equipment contained in the April RFQ to Verizon Florida, the highest bidder for the equipment.
- On October 2001, TCI awarded the bid for equipment contained in the October RFQ to Verizon Florida, the only bidder for the equipment.
- On March 18, 2002, TCI awarded the bid for equipment contained in the March RFQ to Verizon Florida, the only bidder for the equipment.
- On June 28, 2002, TCI awarded the bid for equipment contained in the June RFQ to Verizon Florida, the highest bidder.
- 2. We requested a list of all goods (including software), services, facilities, and customer network services information, excluding CPNI as defined in Section 222(f)(1) of the Act, and exchange access services and facilities inspected in Objective IX, made available to each former GTE Section 272 affiliates by the Verizon BOC. Management indicated that the services the former GTE Section 272 affiliates purchased were NOC services and telecommunications services. For the two services, we inquired of management as to the existence of any media used by the Verizon BOC/ILEC to inform unaffiliated entities of the availability of the same goods, services, facilities, and information at the same price, and on the same terms and conditions. Management indicated the media used to inform carriers of such items is the Section 272 website, http://www22.verizon.com/about/publicpolicies/272s/.
- 3. We obtained a list from the Verizon BOC of all unaffiliated entities who have purchased the same goods as the former GTE Section 272 affiliates, (including software), services, facilities, and customer network services information (excludes CPNI) from the Verizon BOC, during October 2001, as selected by the JOT. We inquired of management and management indicated that the only service purchased by both unaffiliated entities and the former GTE Section 272 affiliates was local exchange services. Management also indicated that CICI and TCI were the only former GTE Section 272 affiliates to purchase local exchange services. Reference Appendix A Objective VII Procedures 3 for the sample selection. Using the sample of 94 unaffiliated entities that were local exchange customers during October 2001, we compared the rates, terms, and conditions appearing on the Customer Service Records ("CSRs") of the sampled unaffiliated entities to the rates, terms

and conditions offered to the former GTE Section 272 affiliates during the same time period. We noted two instances where the rate on the unaffiliated CSR did not match or were unable to match the rate on the former GTE Section 272 affiliate CSR (Reference Table 36). We inquired of management and management provided responses explaining the differences as outlined in Table 37.

Table 37

| | Local Exchange | | | | | | | | | |
|-----|----------------|---------------------------|-------|-------------------------------|----------------------------------|---------------------------|--|--|--|--|
| No. | USOC | Description | State | Nonaffiliate Rate | Section 272 affiliate Rate | Management Explanation | | | | |
| 1* | 1MB | IND Message Rate Business | NJ | \$12.96 \$12.77 \$11.76 | \$12.96 \$12.77 | (1) | | | | |
| 2* | 9ZR | FCC Line Charge | NY | \$8.08 \$5.00 | \$8.08 \$5.00 | (2) | | | | |

⁽¹⁾ The different rates for the services are due to customers falling into different rate groups. Rate groups are determined by NPA-NXX and are outlined in the tariff.

For the above selection of local exchange services provided to the former GTE Section 272 affiliates, we documented the amount paid to the Verizon BOC for such services during October 2001 (\$1,190.57).

- 4. This procedure does not relate to transactions between the Verizon BOC/ILECs and the former GTE Section 272 affiliates.
- 5. This procedure does not relate to transactions between the Verizon BOC/ILECs and the former GTE Section 272 affiliates.
- 6. This procedure does not relate to transactions between the Verizon BOC/ILECs and the former GTE Section 272 affiliates.

^{2) \$8.08} rate is the multi-line business rate. \$5.00 rate is the single-line business rate.

^{*} The CSRs for the unaffiliated entities and/or the Section 272 affiliates had multiple rates for the same USOC. We were unable to determine which rates to compare.

Objective VIII: The BOC Shall Not Discriminate Against Any Entity in the Fulfillment of Requests for Services

- 1. We inquired of management and management indicated: "There were no services purchased by the former GTE International 272s, CICI, TCI, TCQI, CANTV, TNZ USA, that would be included in the data provided in Objective VIII."
- 2. Reference Objective VIII, Procedure 1, above.
- 3. Reference Objective VIII, Procedure 1, above.
- 4. Reference Objective VIII, Procedure 1, above.
- 5. Reference Objective VIII, Procedure 1, above.
- 6. Reference Objective VIII, Procedure 1, above.

Objective IX: The BOC Shall Not Discriminate Against Any Entity in the Provision of Exchange Access Facilities and Services

- 1. We inquired of management and management indicated that no exchange access services were provided to the former GTE Section 272 affiliates by the Verizon BOC/ILECs in the BOC states that have received Section 271 authority from January 3, 2001 through September 30, 2002.
- 2. Reference Objective IX, Procedure 1 above.
- 3. Reference Objective IX, Procedure 1 above.

Objective X: The BOC Shall Impute to Itself the Same Amount for Exchange Access as that Charged Unaffiliated Entities

- 1. This procedure does not relate to transactions between the Verizon BOC/ILECs and the former GTE Section 272 affiliates.
- 2. This procedure does not relate to transactions between the Verizon BOC/ILECs and the former GTE Section 272 affiliates.
- 3. For exchange access services, local exchange services, and unbundled network elements, we requested the total amount the former GTE Section 272 affiliates recorded and paid to the Verizon BOC/ILEC from January 3, 2001 through January 2, 2003. Management indicated that TCI and CICI purchased local exchange services from the Verizon BOC/ILEC from January 3, 2001 through January 2, 2003. Management indicated that no former GTE Section 272 affiliates purchased exchange access or unbundled network elements from January 3, 2001 through January 2, 2003.

For local exchange services, we compared the amounts recorded and paid by TCI and CICI and noted no differences. We requested the amount of revenue reflected in the Verizon BOC/ILECs books for local exchange services from the former GTE Section 272 affiliates. Management was unable to provide the amount of revenue reflected in the Verizon BOC/ILECs books for local exchange services provided to the former GTE Section 272 affiliates. Management indicated the following:

"Verizon East and West records revenue and receivable amounts in its billings systems at a detail customer level. These amounts are summarized at a financial account code level as they pass to the BOC/ILEC's general ledger systems. These amounts are aggregated on the books of the BOC/ILEC's to various FCC USOA accounts. There are internal control functions in place between the billing systems and financial systems to ensure all billed levels are recorded. Receivable collection systems maintain currently due and past due balances from customers regardless of whether the customer is an affiliate or not. There is also matchoff process in place whereby the expenses recorded by the affiliate correspond to the revenue booked by the BOC/ILEC. This process is used to eliminate intercompany revenue and expenses."

Objective XI: The BOC May Not Discriminate Against Any Entity in the Provision of InterLATA or IntraLATA Facilities and Services

- 1. We inquired of management and management indicated that no interLATA network services and facilities were provided to the former GTE Section 272 affiliates by the Verizon BOC/ILECs in the BOC states that have received Section 271 authority from January 3, 2001 through September 30, 2002.
- 2. Reference Objective XI, Procedure 1 above.
- 3. Reference Objective XI, Procedure 1 above.

Appendix C Enumerates the Follow-up Procedures on the Prior Engagement

The following matters were noted in the prior engagement:

- a. From agreed-upon procedures:
 - PricewaterhouseCoopers analyzed all 839 agreements that were posted on Verizon's web sites and found that not all postings were timely and that there were omissions and inaccuracies in some postings (V&VI-6 in prior report, V&VI-5 in this program).
 - (i) With regards to whether these matters continued to exist beyond the previous engagement period, reference Appendix A, Objectives V/VI, Procedure 5 for the results of the procedure agreed to by the Specified Parties for the period January 3, 2001 to September 30, 2002.
 - (ii) We inquired of management as to what action management took to ensure their non-recurrence or improvement and the effective date. Management indicated the following:
 - "As a result of Verizon's Year 2000 Section 272 Biennial audit, filed on June 11, 2001, Verizon identified certain issues for additional review, including Verizon's web posting procedures. Management evaluated the existing controls to determine if additional controls or processes were needed. Where opportunities for improvements were identified, an implementation schedule was established and tracked for completion.
 - Review and corrective action taken, where necessary.
 - "Verizon's Response to Section 272 Audit Report," included in PricewaterhouseCoopers' Section 272 Biennial Audit Report dated June 11, 2001, describes the web posting omissions and inaccuracies noted in the audit report along with explanations and descriptions of corrective actions. The relevant sections of Verizon's response are in Table 37.
 - Reviewed internal controls and processes related to web postings.
 - In August 2001, the 272 affiliates' regulatory and vendor management organizations developed and implemented additional internal controls to ensure the accuracy and timeliness of web postings.
 - Revised web posting procedures were developed, implemented and posted on the Verizon Section 272 websites in late October 2001. The web sites' entries were reviewed to ensure consistency with the updated practices and procedures. Additional internal controls incorporated in the process included:
 - Section 272 Contract Administrator notifies employee with Web posting responsibilities of new agreements or amendments prior to execution date.
 - Section 272 Contract Administrator is responsible for comparing web posting to final executed agreement to ensure consistency.
 - Verizon developed a comprehensive Affiliate Transactions Guideline for contracting services between Verizon ILECs and Verizon non-regulated affiliates (including the 272 affiliates). The Guideline incorporates previously issued contracting and pricing guidelines. The Guideline was finalized and made available on Verizon's intranet in October 2002."

Table 38

Objectives V/VI, Procedure 6, Web Posting

Issue No. 1. We also printed the web postings of the contract summaries as of September 30, 2000. We compared the rates, terms and conditions of services on the web postings to the written agreements provided in Objective V/VI, Procedure 5 and noted the following:

- 839 web postings in total (representing 135 written agreements and 51 amendments) of which 459 were posted in 2000 (representing 7 written agreements and 34 amendments);
- Rates, terms and conditions for 535 of the 839 web postings were agreed to the written agreements with no exception;
- 44 of the 839 web postings contained multiple errors;

129 of the 839 web postings contained discrepancies as compared to the written agreements. A list of the 129 web postings is provided in Attachment I, Table No. 2. The 129 web postings represent 11 written agreements and 14 amendments. .

Management indicated that the discrepancies occurred as a result of administrative errors.

Issue No. 2. written agreements related to 96 of the 839 web postings were prepared in the form of Access Service Requests, which did not contain sufficiently detailed information necessary to enable us to agree the specific rates, terms and conditions in the written agreements to the web postings (representing 96 written agreements). A list of the 96 web postings related to Access Service Requests written agreements is provided in Attachment I, Table No. 3.

Issue No. 3. four web postings (representing two amendments) related to access services were not posted on the Section 272(b)(5) websites as of January 2, 2001, but were

129 Web Posting Discrepancies vs. Written Agreements: The FCC's contract posting requirements are complex, requiring a minimum of 13 data entries to be posted for each contract, and frequently many more (even in excess of 100 items for a single contract). Therefore, the 129 errors were out of well over 20,000 data entries. Even when combined with the 68 postings identified in Objective V/VI, Procedure 6, Issue No. 5, the overall web posting error rate is less than 1%. In virtually every case, the errors were the result of minor clerical errors (e.g., minor changes to effective dates, contract periods, etc.) for only one of the data entries on a contract, with no material impact on the overall accuracy of the contract and the associated web posting. Further, it is Verizon's practice to develop contracts to cover all 9 jurisdictions, even though section 271 relief was obtained in only one jurisdiction (New York) at the time the PricewaterhouseCoopers audit was conducted. As a result, Web postings were made to all 9 jurisdictions, resulting in a "multiplier" effect in which 1 error counted 9 times. All warranted corrections have been made.

96 Written agreements: The Access Service Requests do not contain information about rates, terms and conditions because they relate to access services provided under tariff. The Act requires Verizon to include the rates, terms and conditions for access services in publicly available tariffs. All 96 instances relate to requests by Global Networks, Inc. ("GNI") for access services. Verizon met the section 272(b)(5) requirement for written agreements by executing and posting the Access Service requests (ASRs) from GNI. Verizon currently executes and posts Memorandums of Understanding that cover access services ordered under ASRs.

4 Web Postings not on Web site: As noted in the report, the missing postings were for services provide pursuant to tariff. All missing postings have been added to the web

Objectives V/VI, Procedure 6, Web Posting

subsequently posted during February 2001. A list of the four web postings is provided in Attachment I, Table No. 4. For three of the four web postings, the original agreements were between Bell Atlantic-New York and the Section 272 affiliates. Management indicated there was an amendment which added an affiliate, which was not a Section 272 affiliate, to the agreements. Management indicated the amendments were originally posted to that affiliates' website and not the Section 272 (b) (5) website since the affiliate added was not a Section 272 affiliate. Management indicated that the fourth web posting between BABS and Bell Atlantic-Maryland was inadvertently excluded from the website.

sites. 3 of the 4 missing postings involved the same discrepancy on three section 272 web sites.

Objectives V/VI, Procedure 6, Web Posting

Issue No. 4 – 51 Late Web Postings

We compared the transaction date to the posting date for the 839 web postings referred to above and noted that 51 web postings (which represent seven amendments) of the 459 contract summaries posted in 2000 were not posted on the Section 272(b)(5) web sites within the required 10 calendar days. Of the 51 web postings, 37 were posted within five days after the required posting date. 9 web postings were posted within six to ten days after the required posting date, and 5 web postings were posted more than ten days after the required posting date. A list of the 51 web postings is provided in Attachment I. Table No. 5. Management indicated that the web postings were not posted within the required period as the result of an administrative error. 408 of the 459 web postings posted in 2000 were posted within the required 10 calendar days.

amendments, multiplied by the number of entities and states where the transactions were posted. The majority of the delays ranged from 1 to 10 days. In total of the 839 postings, 94% were posted on time, and 5% were posted between day 11 and day 20. Only five postings (in all cases for minor amendments) were made more than 10 days late. Verizon used the preliminary results of the PricewaterhouseCoopers audit to implement process improvements immediately to ensure that inputs for future web postings are available the same day that the contract is

As noted in the audit report, the 51 late Web

postings related to only 7 contract

process improvements immediately to ensure that inputs for future web postings are available the same day that the contract is signed. Postings are now being reviewed by at least two persons before being sent for posting, with another internal review conducted within 10 days of the documents being posted, to check for accuracy on the Web site.

Issue No. 5 – 68 Web Postings Did Not Contain Required Disclosure

We inspected and noted that 68 web postings (which represent 22 written agreements and six amendments) of the 839 web postings did not contain some of the required disclosures necessary for posting. A list of the 68 web postings is provided in Attachment I, Table No. 6. Management indicated that the omissions of data occurred as the result of an administrative error.

As was the case with the first response above, the changes warranted were very minor in nature, reflecting clerical errors with no material impact on the contracts/web postings. Of the 68 items identified, 32 items were instances where the web posting did not contain a contract renewal clause but all of the material terms and conditions of the contract were included and correct. Of the remaining items, 34 had "TBD," or "To Be Determined," in the pricing information. Of these 34, 25 TBD postings were inserted in postings for states for which Verizon had not yet received long distance authority and therefore the contracts could not yet be operative. The remaining 9 TBD postings were for services that were not applicable to the jurisdiction included in that posting. Even treating all 68 items as "errors" and combining with the items identified in Objectives V/VI, Procedure 6, Issue No. 1, however, there is a web posting error rate of less than 1%.

Objective IX, Procedure 2 – Web Posting Issues repeated from Objective V/VI, Procedure 6

See management Response to Objective V/VI, Procedure 6.

b. From agreed-upon procedures:

The results of some performance measurement data examined in the course of the audit raised issues concerning compliance with the requirements in Section 272(e)(1). This Section requires that Verizon's BOC/ILECs complete requests from unaffiliated entities for telephone exchange service and exchange access within a period no longer than the period in which it provides such telephone exchange service and exchange access to itself or its affiliates (VIII-3 in prior report, VIII-4 in this program).

- (i) With regards to whether these matters continued to exist beyond the previous engagement period, reference Appendix A, Objectives VIII, Procedure 4 for the results of the procedure agreed to by the Specified Parties for the period January 3, 2001 to January 2, 2003.
- (ii) We inquired of management at to what action management took to ensure their non-recurrence or improvement and the effective date. Management indicated the following:

"In the 2000 Biennial audit, Verizon identified certain issues for additional review, including exchange access service measures for PIC and special access. Management evaluated the controls in place and determined if additional controls or process were needed. Where a need for improvements was identified, Verizon implemented various improvements as described below. Verizon continues to review results to determine the need for further improvements, if any.

In addition to the following response, Verizon's description of the data and explanation of what caused the shorter intervals for these measures is included in 'Verizon's Response to Comments on Biennial Section 272 Audit Report filed on June 10, 2002. These comments are attached (Reference Attachment E).

PIC Measures

Verizon's 272 (e)(1) measurement process determines average PIC change performance, measured as interval of carrier initiated PIC changes from the time of receipt of carrier- initiated change to the time of completion at the switch.

Accuracy of the Measure

Verizon formalized accountability for the PIC interval measurement. The responsible parties then reviewed and documented all process flows to assure the measures were complete and accurate. During the review process, Verizon identified two vendors hired by a Section 272 affiliate that were not included in the Verizon carrier-initiated PIC intervals. Action was taken to modify the coding of these vendor orders and the data was included from July 8, 2002 forward.

Data Retention

For the first four months after Verizon was granted LD authority, volumes for carrier initiated PIC changes were zero or extremely low and data was not reported in the prior audit. Though this had no impact on the assessment, to assure all data, including transaction level support, was retained for the current audit, the data retention obligations were reinforced through oral and written communications to the responsible parties. All files for the current audit were archived.

Data Results

The PIC results showed instances where the service interval provided to the Section 272 affiliates was shorter than the service interval provided to nonaffiliated carriers. A review of the root causes of these differences was completed and did not identify instances where treatment of Verizon's Section 272s affiliates for carrier-initiated orders that was different than the treatment of other nonaffiliates. These results were filed with the attached Reply comments. The core reason for the differences, as noted in this reply was:

"The processing times for PIC change orders may, however, be affected by the time of day that a carrier submits them. The BOCs schedule "down time" for XEA each night between the hours of 9:00 PM and 1:00 AM for necessary maintenance on the system. In addition, the BOCs schedule down time for switch maintenance in the late evening and early morning hours. During the down time periods, XEA pulls the files and holds them in queue according to the time they were received. At the end of the down time period, XEA processes the PIC change orders in the queue. A carrier that submits PIC change orders to XEA shortly before or during the down time periods would experience longer processing intervals than a carrier that submits them earlier in the day. Verizon has informed the interexchange carriers about the down time periods in each area and the possible impact on PIC change processing intervals. Carriers can avoid the down time simply by submitting their PIC change orders to avoid this period. However, to our knowledge this issue has never come up, presumably because the PIC processing intervals easily surpass the 24 hour standard even if the carrier submits them during the down time."

Verizon concluded no changes to the process were needed. Management is tracking more closely the monthly results to identify unexpected activity, but none has been noted to date.

Special Access

Accuracy of the Measure

The prior audit noted only one issue regarding accuracy for special access. For the repair interval two ACNAs that were included in the nonaffiliated measure should not have been included. Efforts were undertaken with the responsible parties to assure the processes that direct results for each ACNA were improved. Of the many thousand transaction records provided during the current audit, we are only aware of one transaction record where there was a missing ACNA and the transaction record could not definitively be identified as a nonaffiliate record because the circuit has been subsequently disconnected.

In addition Verizon was aware of several metrics accuracy issues that had arisen in the separate independent audit review of the special access merger Condition 19 that are described in that audit report. Controls instituted in that proceeding strengthened Section 272 controls. All material data accuracy issues (whether identified by the independent auditor or found by Verizon and communicated to the independent auditor) were remediated.

Data Retention

In two instances (Trouble Reports and Average Repair Intervals) the measure was not available for January through March 2000. The report also notes that in some cases certain transaction level data was not available to produce reports. To assure all data, including transaction level support, was retained for the next audit these obligations were reinforces through oral and written communications to the responsible parties. Activities in the merger audit to assure retention of data for Condition 19 further reinforced the message to the responsibility parties. No problems with special access data retention have been identified in the current audit.

In addition Verizon was aware of several data retention issues that had arisen in the separate independent audit review of the special access merger Condition 19 that are described in that audit report. Specific retention procedures were specified through actions on Merger Condition 19 and communicated again to all data providers and data reporters. Controls instituted in that proceeding strengthened Section 272 controls

Data Results

In the 2000 audit in some cases the installation and trouble report intervals were longer than for the Section 272 affiliate than for nonaffiliates. The reports included only 153 special access installation orders and 9 trouble tickets. A comparison of services provided to Section 272 affiliates to service provided to nonaffiliates was done to better understand the reasons for the differences. The results of these assessments were filed with the attached Reply comments. These comments note:

"In practically all months, there were a dozen or fewer installation orders for BOC affiliates, compared to thousands for nonaffiliates. No statistically significant conclusion can be drawn from data for such small population sizes. The Commission has stated numerous times that a difference in performance between affiliates and nonaffiliates must be statistically significant to be relevant to the issue of discrimination." and

"In addition, the results of the performance data cannot be attributed to the BOC alone. When a customer requests special access service, it is responsible for performing certain "make ready" activities at its premises, including providing space, power, and access for certain special access arrangements. Also, the customer may request longer due dates, may submit orders that are part of projects that span long periods of time, and may extend originally requested installation dates on specific circuits based on changes in their plans and capabilities. The raw data do not indicate whether the differences, even if statistically significant, are attributable solely to Verizon's performance or reflect other customer-specific factors."

Verizon established and followed practices, procedures and policies to fulfill requests from nonaffiliates for exchange access within a period no longer than the period in which they provide such exchange access to Section 272 affiliates. None of the analyses identified treatment of our 272s for like orders that was different than the treatment of nonaffiliates and consequently no changes in processes or treatment of our Section 272s or carrier customers related to special access services were found necessary in order to comply with the Section 272 (e)(1) obligation.

The 2001/2002 audit shows similar data patterns and Verizon is assessing these results."

c. From agreed-upon procedures:

The seven performance measurements provided to auditors for examination are not the same as the six performance measurements that Verizon, in its application for Section 271 authorization in New York State, demonstrated that it would maintain for evaluating the BOC's compliance with its Section 272(e)(1) nondiscrimination obligations (VIII-3 in prior report, VIII-4 in this program).

- (i) With regards to whether these matters continued to exist beyond the previous engagement period, reference Appendix A, Objectives VIII, Procedure 4 for the results of the procedure agreed to by the Specified Parties for the period January 3, 2001 to January 2, 2003.
- (ii) We inquired of management as to what action management took to ensure their non-recurrence or improvement and the effective date. Management indicated the following:

"In its Observation attached to the 2000 biennial audit report, the Federal/State Joint Oversight noted performance measurements required for Objective VIII, Procedure 3 are different from the performance measurements that Verizon stated it would maintain in its section 271 application for New York. In its June 10, 2002 reply to comments on the audit report, Verizon explained that, during the preparations for the 2000 biennial audit, Verizon proposed to the Federal/State Joint Oversight Team and to the auditor that it would provide comparative performance data in the format described in Verizon's Section 271 application for Massachusetts, filed in September 2000 (Reference Attachment E). This format addressed the same measurement categories as described in the New York section 271 application, at the same level of detail, while being more closely aligned with the performance data reported in the Commission's automated regulatory management information system ("ARMIS") reports.² Under section 53.211 of the Commission's rules, the Joint Oversight Team reviews the audit plan. In addition, the Joint Oversight Team and the BOCs are the "users" who specify the procedures to be followed by the auditor in an agreed-upon procedures engagement. **See** General Standard Procedures, ¶ 2. Since no user disagreed with the usefulness of the format proposed by Verizon, the auditor used it in carrying out Procedure 3 of Objective VIII.

The agreed-upon procedures are established for each Biennial Section 272 Audit. For the next audit, covering the 2001 through 2002 period, the users again examined the performance measurements to be developed for Objective VIII, Procedure 3.

Verizon met with the Joint Oversight Team several times in 2002 and proposed that audit be done using the same measures for all states, including New York. The Joint Oversight Team concurred with this procedure. (See Joint Oversight Team Objective VIII, Procedure 4 issued December 19, 2002.) Therefore, Verizon is required to provide to the auditors performance data in this format."

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² See Application of Verizon New England Inc., Bell Atlantic Communications, Inc. (d/b/a Verizon Long Distance), NYNEX Long Distance Company (d/b/a Verizon Enterprise Solutions) And Verizon Global Networks Inc., For Authorization to Provide In-Region, InterLATA Services in Massachusetts, CC Docket No. 00-176 (filed Sep. 22, 2000), Declaration of Susan Browning, Attachment Q.

d. From agreed-upon procedures:

The BOC continued to provide real estate services to Bell Atlantic Global Networks, Inc. (BAGNI), one of Verizon's 272 affiliates, after the agreements/contracts for the services had expired (V&VI-5 in prior report, V&VI-4 in this program).

- (i) With regards to whether these matters continued to exist beyond the previous engagement period, reference Appendix A, Objectives V/VI, Procedure 4 for the results of the procedure agreed to by the Specified Parties for the period January 3, 2001 to September 30, 2002.
- (ii) We inquired of management as to what action management took to ensure their non-recurrence or improvement and the effective date. Management indicated the following:

"As a result of Verizon's Year 2000 Section 272 Biennial audit, filed on June 11, 2001, Verizon identified certain issues for additional review after the audit was released, including real estate leases. Management evaluated the controls in place and determined if additional controls or processes were needed. Where improvements were identified an implementation schedule was established and tracked for completion. Specific steps completed related to real estate leases between 272 affiliates and the Verizon BOC/ILECs and timing of these steps included:

- Review and corrective action taken on two leases identified in audit as requiring renewals – see Corrective Action below
- Development of written internal controls to ensure lease renewals executed according to lease requirements—completed by 9/24/01
 - A single point of contact within each 272 entity responsible for lease review
 and renewal was established and a monthly review of leases was
 implemented. As part of the initial implementation of revised internal
 controls, the Real Estate Organization reviewed all leases between 272
 affiliates and the BOC/ILECs and identified all leases requiring written
 notification of intent to renew within 60 days completed by 10/15/01

Corrective Action

5 Davis Farm Road, Portland, ME

For the Portland, ME location, Verizon corrected the situation by requiring BAGNI, pursuant to Article 2.3 of the original lease agreement, which expired on September 14, 2000, to provide written notice of its intention to extend the lease agreement. On July 27, 2001, BAGNI provided written notice of its intent to extend the agreement for the Portland, ME location for an additional 2 year period ending September 14, 2002.

770 Elm Street, Manchester, NH

For the Manchester, NH location, the original lease agreement expired on September 14, 2000. However, an amendment to the lease agreement had been executed on June 15, 2000 extending the lease term to September 15, 2002.

On November 25, 2001, BAGNI assigned both lease agreements to Verizon Internet Services, Inc. ("Verizon Online") and transferred the equipment in those locations to

Verizon Online. On March 31, 2002, BAGNI, Verizon Online, and Verizon New England executed Amendment #1 to the agreement for the Portland, ME location extending the lease term for Verizon Online to September 14, 2003."

- e. From agreed-upon procedures:
 - Verizon was unable to provide data necessary to determine Fair Market Value (FMV) at the unit charge level for 49 of 70 transactions selected for examination to determine whether charges made were based on the appropriate Commission-required pricing method--Fully Distributed Cost ("FDC") or FMV. Also, the Section 272 affiliate was charged an amount other than FDC or FMV for 9 of the 70 transactions examined (V&VI-9 in prior report, V&VI-6 in this program).
 - (i) With regards to whether these matters continued to exist beyond the previous engagement period, reference Appendix A, Objectives V/VI, Procedure 6 for the results of the procedure agreed to by the Specified Parties for the period January 3, 2001 to September 30, 2002.
 - (ii) We inquired of management as to what action management took to ensure their non-recurrence or improvement, and the effective date. Management indicated the following:
 - "As a result of Verizon's Year 2000 Section 272 Biennial audit, filed on June 11, 2001, Verizon identified certain issues for additional review after the audit was released, including reviewing pricing for transactions between the Verizon BOC/ILECs and the 272 affiliates. Management evaluated the controls in place and determined if additional controls or processes were needed. Specific steps completed related to review of pricing of transaction between 272 affiliates and the Verizon BOC/ILECs and timing of these steps included:
 - Review and corrective action taken, where necessary.
 - In the June 11, 2001 audit report, Verizon responded that Verizon made a good faith effort to attain FMV by hiring a third party vendor (Mitchell & Titus, LLP) to provide FMV for unique system components. As a result, Verizon used FDC in place of a FMV that did not exist for the unique system components.
 - Services in Ref #'s 1-26 in Table 10 in the 2000 Section 272 Biennial Audit Report are no longer provided as a discriminatory joint marketing service by the Verizon BOCs. They are now being provided by VADI as a nondiscriminatory service at a prevailing market rate; the agreement for this service is dated Nov. 21, 2001.
 - For the remaining services in Ref #'s 27-34 in Table 10, a study was performed to determine FMV using prices for generic data processing services, since market prices for the same type of service order processing services provided by the BOCs were not obtainable. Based on the result of the study, the FMV was still less than the FDC therefore, the services are billed at FDC, as was the case in the last audit. No adjustments are needed. For the 9 of 70 items identified in Table 11 of the 2000 Section 272 Biennial Audit Report identified as being billed at other than FDC or FMV, the contract was correct, as was the web posting. In billing the affiliates for the service, the rates from the contract/posting were not applied due to an administrative error. This situation was corrected through an invoice that was issued to the Section 272 affiliate in April, 2001 to true-up the amount billed in 2000 and the contract rate.

- Reviewed internal controls and processes related to pricing of affiliate transactions between Verizon BOC/ILECs and affiliates. Pricing guidelines were issued and made available to all employees on Verizon's cww in March 2002.
- Expanded version of Affiliate Interest Training Package developed to include pricing requirements. Training delivered to Verizon employees responsible for transactions between the Verizon BOC/ILECs and the 272 affiliates in November and December 2001."

Procedures for Subsequent Events

- 1. We inquired of management whether companies' processes and procedures have changed since the time of execution of these procedures and the end of the engagement period. Management indicated the following:
 - "Management has not identified any major changes to processes and procedures that would have changed the way data would have been provided for the audit, since the time of execution of these procedures and the end of the engagement period."
- 2. We inquired and obtained written representation from management as to whether they are aware of any events subsequent to the engagement period, but prior to the issuance of the report, that may affect compliance with any of the objectives described in this document. Management indicated the following:
 - "On March 4, 2003 Verizon entered a consent decree with the FCC concerning its compliance with Section 272 (g)(2) of the Act. Verizon provided PricewaterhouseCoopers with a copy of this decree during the audit. In its disclosure of this matter to PricewaterhouseCoopers, Verizon noted that the matter is outside the scope of the Section 272 biennial audit as defined in CFR 53.209 (and as further described in CC Docket No. 96-150, para. 198) which limits the audit to Verizon's compliance with Sections 272 (b), 272(c), and 272 (e) of the Act."
 - Federal Complaint EB-01-MD-007

 "The Federal Communications Commission granted in substantial part complaint number EB-01-MD-007 brought by Core Communications against Verizon Maryland Inc., alleging that Verizon violated the Communications Act and Commission rules by failing to interconnect with Core on reasonable terms in the Washington metropolitan area for four months. Under Commission rules, Core may now file a supplemental complaint against Verizon for damages. On May 23, 2003 Verizon filed a Petition for Reconsideration of the Commission's Memorandum Opinion and Order."

Objective VIII: Performance Measure Results

Table of Contents

| Connecticut | |
|--------------------|----------------------|
| PIC 2001 | A-3 |
| PIC 2002 | A-4 |
| Delaware | |
| FOC 2002 | A-5 |
| Installation 2002 | |
| Repair 2002 | |
| PIC 2002 | |
| | A-9 |
| Maine | |
| FOC 2002 | |
| Installation 2002. | |
| Repair 2002. | |
| PIC 2002 | A-14 |
| Massachusetts | |
| FOC 2001 | A-15 |
| FOC 2002 | A-16 |
| Installation 2001 | |
| Installation 2002. | |
| Repair 2001 | |
| Repair 2002. | |
| PIC 2001 | |
| PIC 2002 | |
| New Hampshire | |
| FOC 2002 | ۸ 25 |
| | |
| Installation 2002 | |
| Repair 2002 | |
| PIC 2002 | A-29 |
| New Jersey | |
| FOC 2002 | |
| Installation 2002. | |
| Repair 2002. | |
| PIC 2002 | A-34 |
| New York | |
| FOC 2001 | A-35 |
| FOC 2002 | A-36 |
| Installation 2001 | A-37 |
| Installation 2002. | |
| Repair 2001 | A-41 |
| Repair 2002 | A-42 |
| PIC 2001 | |
| PIC 2002 | |
| Pennsylvania (BA) | |
| FOC 2001 | Λ_15 |
| FOC 2002 | |
| Installation 2001 | |
| | |
| Installation 2002 | |
| Repair 2001 | |
| Repair 2002 | |
| PIC 2001 | A-5 <i>3</i> 1-54 |
| en /III/ | Λ. 5/1 |

| Pennsylvania (GTE) | |
|--------------------|------|
| FOC 2001 | A-55 |
| FOC 2002 | A-56 |
| Installation 2001 | A-57 |
| Installation 2002 | A-59 |
| Repair 2001 | A-61 |
| Repair 2002 | A-62 |
| PIC 2001 | A-63 |
| PIC 2002 | A-64 |
| Rhode Island | |
| FOC 2002 | A-65 |
| Installation 2002 | |
| Repair 2002 | |
| PIC 2002 | A-69 |
| Vermont | |
| FOC 2002 | A-70 |
| Installation 2002 | |
| Repair 2002 | |
| PIC 2002 | A-74 |
| Virginia | |
| FOC 2002 | A-75 |
| Installation 2002. | |
| Repair 2002. | |
| PIC 2002 | |

VERIZON CONNECTICUT 272 AUDIT REPORT - 2001 PIC INTERVALS

| | | JUL | AUG | SEP | OCT | NOV | DEC |
|-----------------------|-----------|---------------|---------------|---------------|---------------|---------------|---------------|
| 272 AFFILIATES | RECORDS | *Proprietary* | *Proprietary* | *Proprietary* | *Proprietary* | *Proprietary* | *Proprietary* |
| | INTERVAL | 0:00 | 0:00 | 0:00 | 0:00 | 0:00 | 0:00 |
| | STD. DEV. | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| NON-AFFILIATES | RECORDS | *Proprietary* | *Proprietary* | *Proprietary* | *Proprietary* | *Proprietary* | *Proprietary* |
| | INTERVAL | 2:39 | 3:17 | 1:24 | 3:00 | 1:46 | 2:16 |
| | STD. DEV. | 2.8 | 8.1 | 1.4 | 12.4 | 1.9 | 2.9 |

NOTES:

^{1.} This report represents data showing the Average PIC Interval for carrier initiated files sent to Verizon by the long distance carriers. This includes Verizon long distance carriers(272 Affiliates) and the top 6 carriers represented by the term Non-Affiliates. The "PIC Interval" is defined as "the time a PIC change is completed in the switch " minus "the time the request was received by XEA". Each incoming file is time stamped when XEA picks it up for processing. Intervals are measured in Hrs:Mins.

VERIZON CONNECTICUT 272 AUDIT REPORT - 2002 PIC INTERVALS

| | | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | ОСТ | NOV | DEC |
|-----------------------|-----------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 272 AFFILIATES | RECORDS | *Proprietary* |
| | INTERVAL | 0:00 | 0:00 | 0:00 | 0:00 | 0:00 | 0:00 | 4:00 | 3:25 | 3:31 | 3:31 | 0:00 | 2:56 |
| | STD. DEV. | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.4 | 1.8 | 0.7 | 0.3 | 0.0 | 0.9 |
| NON-AFFILIATES | RECORDS | *Proprietary* |
| | INTERVAL | 1:50 | 1:58 | 3:05 | 2:20 | 2:11 | 2:44 | 1:48 | 2:37 | 1:47 | 1:19 | 1:18 | 1:39 |
| | STD. DEV. | 2.0 | 1.8 | 5.8 | 2.7 | 2.1 | 2.8 | 2.4 | 2.4 | 1.4 | 1.0 | 1.0 | 1.5 |

NOTES:

^{1.} This report represents data showing the Average PIC Interval for carrier initiated files sent to Verizon by the long distance carriers. This includes Verizon long distance carriers(272 Affiliates) and the top 6 carriers represented by the term Non-Affiliates. The "PIC Interval" is defined as "the time a PIC change is completed in the switch " minus "the time the request was received by XEA". Each incoming file is time stamped when XEA picks it up for processing. Intervals are measured in Hrs:Mins.

272 Biennial Audit Summary Template FOC Measure

| Service | Customer | Measure | Jan-02 | Feb-02 | Mar-02 | Apr-02 | May-02 | Jun-02 | Jul-02 | Aug-02 | Sep-02 | Oct-02 | Nov-02 | Dec-02 |
|---------|---------------------|--------------------|--------|--------|--------|----------|--------|--------|--------|--------|----------|--------|------------|--------|
| OS0 | 272 Affiliate | Orders | | | | <u> </u> | | | | | *proprie | tary* | *proprieta | ary* |
| | | FOC Interval | | | | | | | | | · · | | | |
| | | Standard Deviation | | | | | | | | | | | | |
| | Non-272 Affiliates | Orders | | | | | | | | | *proprie | tary* | *proprieta | ary* |
| | | FOC Interval | | | | | | | | | | | | |
| | | Standard Deviation | | | | | | | | | | | | |
| | Non-Affil. Carriers | Orders | | | | | | | | | *proprie | tary* | *proprieta | ary* |
| | | FOC Interval | | | | | | | | | 0.5 | 0.3 | 0.4 | 0.7 |
| | | Standard Deviation | | | | | | | | | 0.5 | 0.5 | 0.6 | 1.3 |
| OS1 | 272 Affiliate | Orders | | | | | | | | | *proprie | tary* | *proprieta | ary* |
| | | FOC Interval | | | | | | | | | | | | 0.0 |
| | | Standard Deviation | | | | | | | | | | | | *** |
| | Non-272 Affiliates | Orders | | | | | | | | | *proprie | tary* | *proprieta | ary* |
| | | FOC Interval | | | | | | | | | 0.3 | 0.0 | 0.5 | |
| | | Standard Deviation | | | | | | | | | 0.5 | 0.0 | 0.7 | |
| | Non-Affil. Carriers | Orders | | | | | | | | | *proprie | tary* | *proprieta | ary* |
| | | FOC Interval | | | | | | | | | 1.7 | 1.4 | 1.3 | 1.3 |
| | | Standard Deviation | | | | | | | | | 2.0 | 1.2 | 1.3 | 1.9 |
|)S3 | 272 Affiliate | Orders | | | | | | | | | *proprie | tary* | *proprieta | ary* |
| | | FOC Interval | | | | | | | | | | | | |
| | | Standard Deviation | | | | | | | | | | | | |
| | Non-272 Affiliates | Orders | | | | | | | | | *proprie | tary* | *proprieta | ary* |
| | | FOC Interval | | | | | | | | | | | | 0.0 |
| | | Standard Deviation | | | | | | | | | | | | *** |
| | Non-Affil. Carriers | Orders | | | | | | | | | *proprie | tary* | *proprieta | - |
| | | FOC Interval | | | | | | | | | 1.9 | 1.6 | 1.3 | 1.2 |
| | | Standard Deviation | | | | | | | | | 1.1 | 1.8 | 1.3 | 1.8 |
|)cn | 272 Affiliate | Orders | | | | | | | | | *proprie | tary* | *proprieta | ary* |
| | | FOC Interval | | | | | | | | | 1.0 | | | |
| | | Standard Deviation | | | | | | | | | *** | | | |
| | Non-272 Affiliates | Orders | | | | | | | | | *proprie | tary* | *proprieta | ary* |
| | | FOC Interval | | | | | | | | | | | | |
| | | Standard Deviation | | | | | | | | | | | | |
| | Non-Affil. Carriers | Orders | | | | | | | | | *proprie | | *proprieta | ary* |
| | | FOC Interval | | | | | | | | | | 1.0 | | |
| | | Standard Deviation | | | | | | | | | | 1.0 | | |

Notes:

^{1./} Data Not Required for months shaded in grey.

^{2./ *** =} standard deviation not defined

| Veriz | on Access | Services Install | ed 2002 | | | | | | DE | | | | | |
|---------|----------------|---|---------|--------|--------|--------|--------|--------|--------|--------|---------------|---------------|---------------|---------------|
| Service | Measure | Customer | Jan-02 | Feb-02 | Mar-02 | Apr-02 | May-02 | Jun-02 | Jul-02 | Aug-02 | Sep-02 | Oct-02 | Nov-02 | Dec-02 |
| FG D | | 272 Affiliate | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| DS0 | | 272 Affiliate | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| DS1 | | 272 Affiliate | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | Order Volumes | Non-Affil. Carriers | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| DS3 | | 272 Affiliate | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| OCn | | 272 Affiliate | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| FG D | Avg Inst. Int. | 272 Affiliate | | | | | | | | | | | | 20.0 |
| | (Days) | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | | | 10.0 | 15.8 | 10.0 | 13.0 |
| | Standard | 272 Affiliate | | | | | | | | | | | | 2.9 |
| | Deviation | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | | | *** | 3.8 | 1.6 | 6.4 |
| DS0 | Avg Inst. Int. | 272 Affiliate | | | | | | | | | | | | |
| | (Days) | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | | | 11.7 | 11.8 | 7.7 | 17.8 |
| | Standard | 272 Affiliate | | | | | | | | | | | | |
| | Deviation | Non-272 Affiliates | | | | | | | | | | | | |
| DS1 | Acceleration | Non-Affil. Carriers 272 Affiliate | | | | | | | | | 4.6 | 5.6 | 3.2 | 10.3 |
| ופט | Avg Inst. Int. | | | | | | | | | | | | | |
| | (Days) | Non-272 Affiliates Non-Affil. Carriers | | | | | | | | | 12.0 | 22.5 15.9 | 31.0 | 43.0 |
| 1 | Standard | 272 Affiliate | | | | | | | | | 16.2 | 15.9 | 13.6 | 13.7 |
| | Deviation | Non-272 Affiliates | | | | | | | | | 9.3 | 7.9 | 7.0 | *** |
| | Deviation | Non-Affil. Carriers | | | | | | | | | 10.9 | 11.0 | 10.8 | 7.5 |
| DS3 | Avg Inst. Int. | 272 Affiliate | | | | | | | | | | | | |
| | (Days) | Non-272 Affiliates | | | | | | | | | | | | 26.0 |
| | (Days) | Non-Affil. Carriers | | | | | | | | | 17.4 | 17.1 | 7.0 | 12.3 |
| | Standard | 272 Affiliate | | | | | | | | | | | | |
| | Deviation | Non-272 Affiliates | | | | | | | | | | | | *** |
| | | Non-Affil. Carriers | | | | | | | | | 12.2 | 12.3 | 2.8 | 7.9 |
| OCn | Avg Inst. Int. | 272 Affiliate | | | | | | | | | | - | | |
| | (Days) | Non-272 Affiliates | | | | | | | | | | | | |
| | , | Non-Affil. Carriers | | | | | | | | | | | 20.5 | |
| | Standard | 272 Affiliate | | | | | | | | | | | | |
| | Deviation | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | | | | | 20.5 | |

| Verizo | n Access | Services Instal | led 2002 | | | | | | DE | | | | | |
|---------|-------------|---------------------|----------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Service | Measure | Customer | Jan-02 | Feb-02 | Mar-02 | Apr-02 | May-02 | Jun-02 | Jul-02 | Aug-02 | Sep-02 | Oct-02 | Nov-02 | Dec-02 |
| FG D | | 272 Affiliate | | | | | | | | | | | | 100.0 |
| | | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | | | 100.0 | 100.0 | 60.0 | 100.0 |
| DS0 | | 272 Affiliate | | | | | | | | | | | | |
| | | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | | | 95.8 | 75.0 | 100.0 | 78.9 |
| DS1 | | 272 Affiliate | | | | | | | | | | - | | |
| | | Non-272 Affiliates | | | | | | | | | 100.0 | 100.0 | 100.0 | 0.0 |
| | Percent Met | Non-Affil. Carriers | | | | | | | | | 95.0 | 91.9 | 96.0 | 95.9 |
| DS3 | | 272 Affiliate | | | | | | | | | | | | |
| | | Non-272 Affiliates | | | | | | | | | | | | 0.0 |
| | | Non-Affil. Carriers | | | | | | | | | 100.0 | 85.7 | 50.0 | 100.0 |
| OCn | | 272 Affiliate | | | | | | | | | | - | - | |
| | | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | | | | | 50.0 | |
| | | • | | | | | | | | | | | | |

Notes:
1./ Data Not Required for months shaded in grey.
2./ Installation Data excludes CNRs.
3./ *** = standard deviation not defined

272 Biennial Audit Summary Template Repair Measures

| verizo | on Access | Services 200 | 2 | | | | | | DE | | | | | |
|---------|-----------------|---|--------|--------|--------|--------|--------|--------|--------|--------|---------------|---------------|---------------|---------------|
| Service | Measure | Customer | Jan-02 | Feb-02 | Mar-02 | Apr-02 | May-02 | Jun-02 | Jul-02 | Aug-02 | Sep-02 | Oct-02 | Nov-02 | Dec-02 |
| FG D | | 272 Affiliate | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary |
| | | Non-272 Affiliates | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| DS0 | | 272 Affiliate | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary |
| | | Non-Affil. Carriers | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| DS1 | | 272 Affiliate | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| DS3 | | 272 Affiliate | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| OCn | | 272 Affiliate | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| FG D | Avg Repair Int. | 272 Affiliate | | | | | | | | | - | - | | |
| | (Hours) | Non-272 Affiliates | | | | | | | | | | | | |
| ļ. | | Non-Affil. Carriers | | | | | | | | | | - | - | |
| | Standard | 272 Affiliate | | | | | | | | | - | - | | |
| | Deviation | Non-272 Affiliates | | | | | | | | | - | - | | |
| | | Non-Affil. Carriers | | | | | | | | | | - | | |
| DS0 | Avg Repair Int. | 272 Affiliate | | | | | | | | | - | - | | |
| | (Hours) | Non-272 Affiliates | | | | | | | | | | - | | |
| ŀ | 04 | Non-Affil. Carriers | | | | | | | | | 2.2 | 3.8 | 2.0 | 3.4 |
| | Standard | 272 Affiliate | | | | | | | | | | - | | |
| | Deviation | Non-272 Affiliates Non-Affil. Carriers | | | | | | | | | 2.9 | 3.5 | 2.3 | 4.5 |
| DS1 | Avg Repair Int. | 272 Affiliate | | | | | | | | | 2.9 | 3.5 | 2.3 | 4.5 |
| J31 | (Hours) | Non-272 Affiliates | | | | | | | | | 4.3 | 2.2 | 3.0 | 3.5 |
| | (Hours) | Non-Affil. Carriers | | | | | | | | | 3.2 | 3.2 | 2.7 | 4.2 |
| | Standard | 272 Affiliate | | | | | | | | | | | | |
| | Deviation | Non-272 Affiliates | | | | | | | | | 2.5 | 1.8 | 2.3 | 2.9 |
| | Doviduon | Non-Affil. Carriers | | | | | | | | | 2.8 | 3.7 | 4.1 | 6.5 |
| DS3 | Avg Repair Int. | 272 Affiliate | | | | | | | | | | - | | |
| | (Hours) | Non-272 Affiliates | | | | | | | | | | | | |
| | , | Non-Affil. Carriers | | | | | | | | | 1.2 | 2.8 | 1.3 | 2.7 |
| Ī | Standard | 272 Affiliate | | | | | | | | | | | | |
| | Deviation | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | | | 0.6 | 1.2 | 1.5 | 3.9 |
| OCn | • . | 272 Affiliate | | | | | | | | | | - | | |
| | (Hours) | Non-272 Affiliates | | | | | | | | | | | | |
| Į. | | Non-Affil. Carriers | | | | | | | | | | 1.3 | | |
| | Standard | 272 Affiliate | | | | | | | | | | - | | |
| | Deviation | Non-272 Affiliates | | | | | | | | | | *** | | |
| | | Non-Affil. Carriers | | | | | | | | | | *** | | |

Notes:

1./ Data Not Required for months shaded in grey.

2./ *** = standard deviation not defined

VERIZON DELAWARE 272 AUDIT REPORT - 2002 PIC INTERVALS

| | | SEP | OCT | NOV | DEC |
|-----------------------|-----------|---------------|---------------|---------------|---------------|
| 272 AFFILIATES | RECORDS | *Proprietary* | *Proprietary* | *Proprietary* | *Proprietary* |
| | INTERVAL | 0:00 | 8:02 | 4:22 | 1:48 |
| | STD. DEV. | 0.0 | 5.9 | 1.8 | 1.8 |
| NON-AFFILIATES | RECORDS | *Proprietary* | *Proprietary* | *Proprietary* | *Proprietary* |
| | INTERVAL | 2:15 | 1:42 | 1:34 | 1:44 |
| | STD. DEV. | 2.2 | 1.7 | 1.5 | 1.5 |

NOTES:

1. This report represents data showing the Average PIC Interval for carrier initiated files sent to Verizon by the long distance carriers. This includes Verizon long distance carriers(272 Affiliates)and the top 6 carriers represented by the term Non-Affiliates. The "PIC Interval" is defined as "the time a PIC change is completed in the switch " minus "the time the request was received by XEA". Each incoming file is time stamped when XEA picks it up for processing. Intervals are measured in Hrs:Mins.

272 Biennial Audit Summary Template FOC Measure

| Service | 1 FOC Results Da | Measure | Jan-02 | Feb-02 | Mar-02 | Apr-02 | May-02 | Jun-02 | Jul-02 | Aug-02 | Sep-02 | Oct-02 | Nov-02 | Dec-02 |
|---------|---------------------|--------------------|--------|--------|--------|--------|--------|--------|--------|--------------|------------|-----------|--------|--------|
| OS0 | 272 Affiliate | Orders | | | | | | | | *proprietary | <i>I</i> * | *propriet | | |
| | | FOC Interval | | | | | | | | | | - | | |
| | | Standard Deviation | | | | | | | | | | | | |
| | Non-272 Affiliates | Orders | | | | | | | | *proprietary | <i>I</i> * | *propriet | ary* | |
| | | FOC Interval | | | | | | | | | | | | |
| | | Standard Deviation | | | | | | | | | | | | |
| | Non-Affil. Carriers | Orders | | | | | | | | *proprietary | <i>I</i> * | *propriet | ary* | |
| | | FOC Interval | | | | | | | 1.4 | 1.9 | 1.3 | 1.9 | 2.4 | 2.0 |
| | | Standard Deviation | | | | | | | 1.0 | 2.1 | 1.6 | 1.8 | 3.1 | 2.1 |
| DS1 | 272 Affiliate | Orders | | | | | | | | *proprietary | <i>I</i> * | *propriet | ary* | |
| | | FOC Interval | | | | | | | | | | | 0.0 | |
| | | Standard Deviation | | | | | | | | | | | *** | |
| | Non-272 Affiliates | Orders | | | | | | | | *proprietary | <i>I</i> * | *propriet | ary* | |
| | | FOC Interval | | | | | | | 3.8 | 3.3 | 1.9 | - | | |
| | | Standard Deviation | | | | | | | 2.7 | 2.9 | 0.8 | | | |
| | Non-Affil. Carriers | Orders | | | | | | | | *proprietary | <i>I</i> * | *propriet | ary* | |
| | | FOC Interval | | | | | | | 1.6 | 1.1 | 1.0 | 1.7 | 1.0 | 1.7 |
| | | Standard Deviation | | | | | | | 2.0 | 1.2 | 1.5 | 3.0 | 2.3 | 3.5 |
| DS3 | 272 Affiliate | Orders | | | | | | | | *proprietary | <i>I</i> * | *propriet | ary* | |
| | | FOC Interval | | | | | | | | | | | | |
| | | Standard Deviation | | | | | | | | | | | | |
| | Non-272 Affiliates | Orders | | | | | | | | *proprietary | <i>I</i> * | *propriet | ary* | |
| | | FOC Interval | | | | | | | | - | | | | |
| | | Standard Deviation | | | | | | | | | | | | |
| | Non-Affil. Carriers | Orders | | | | | | | | *proprietary | / * | *propriet | ary* | |
| | | FOC Interval | | | | | | | 2.0 | 1.0 | 0.9 | 1.3 | 4.0 | 2.0 |
| | | Standard Deviation | | | | | | | 1.6 | 1.0 | 1.1 | 1.2 | 4.7 | 1.7 |
| OCn | 272 Affiliate | Orders | | | | | | | | *proprietary | / * | *propriet | ary* | |
| | | FOC Interval | | | | | | | | - | | | | |
| | | Standard Deviation | | | | | | | | | | | | |
| | Non-272 Affiliates | Orders | | | | | | | | *proprietary | / * | *propriet | ary* | |
| | | FOC Interval | | | | | | | | | | | | |
| | | Standard Deviation | | | | | | | | | | | | |
| | Non-Affil. Carriers | Orders | | | | | | | | *proprietary | <i>I</i> * | *propriet | ary* | |
| | | FOC Interval | | | | | | | | | | | 0.0 | 5.0 |
| | | Standard Deviation | | | | | | | | | | | *** | *** |

Notes:

^{1./} Data Not Required for months shaded in grey.

^{2./ *** =} standard deviation not defined

| Veriz | on Access | Services Instal | led 2002 | | | | | | ME | | | | | |
|---------|----------------|---------------------|----------|--------|--------|--------|--------|--------|---------------|---------------|---------------|---------------|---------------|---------------|
| Service | Measure | Customer | Jan-02 | Feb-02 | Mar-02 | Apr-02 | May-02 | Jun-02 | Jul-02 | Aug-02 | Sep-02 | Oct-02 | Nov-02 | Dec-02 |
| FG D | | 272 Affiliate | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| DS0 | | 272 Affiliate | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| DS1 | | 272 Affiliate | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | Order Volumes | Non-Affil. Carriers | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| DS3 | | 272 Affiliate | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| OCn | | 272 Affiliate | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| FG D | Avg Inst. Int. | 272 Affiliate | | | | | | | | 19.0 | | 4.0 | 38.6 | |
| | (Days) | Non-272 Affiliates | | | | | | | | | | | | |
| | (- , - , | Non-Affil. Carriers | | | | | | | 18.6 | 16.6 | 20.1 | 19.5 | 17.3 | 27.2 |
| | Standard | 272 Affiliate | | | | | | | | 0.0 | | *** | 0.5 | |
| | Deviation | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | 3.7 | 2.9 | 8.5 | 7.8 | 4.0 | 17.2 |
| DS0 | Avg Inst. Int. | 272 Affiliate | | | | | | | | | | | | |
| | (Days) | Non-272 Affiliates | | | | | | | | | | | | |
| | , , , | Non-Affil. Carriers | | | | | | | 10.4 | 11.9 | 11.8 | 10.7 | 15.2 | 13.1 |
| | Standard | 272 Affiliate | | | | | | | | | | | | |
| | Deviation | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | 4.0 | 8.1 | 12.7 | 7.2 | 6.6 | 13.5 |
| DS1 | Avg Inst. Int. | 272 Affiliate | | | | | | | | | | | | 12.0 |
| | (Days) | Non-272 Affiliates | | | | | | | 12.7 | 21.9 | | 19.3 | | 51.0 |
| | | Non-Affil. Carriers | | | | | | | 16.7 | 17.6 | 18.3 | 26.0 | 22.1 | 18.5 |
| | Standard | 272 Affiliate | | | | | | | | | | | | *** |
| | Deviation | Non-272 Affiliates | | | | | | | 3.5 | 7.9 | | 0.6 | | 0.0 |
| | | Non-Affil. Carriers | | | | | | | 15.8 | 13.0 | 15.0 | 29.6 | 29.1 | 17.9 |
| DS3 | Avg Inst. Int. | 272 Affiliate | | | | | | | | | | | | |
| | (Days) | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | | 94.0 | 43.4 | 54.0 | 55.0 | 13.0 |
| | Standard | 272 Affiliate | | | | | | | | | | | | |
| | Deviation | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | | *** | 21.0 | 50.9 | 24.9 | *** |
| OCn | Avg Inst. Int. | 272 Affiliate | | | | | | | | | | | | |
| | (Days) | Non-272 Affiliates | | | | | | | | | | | | |
| | 01 1 1 | Non-Affil. Carriers | | | | | | | | | | | | |
| | Standard | 272 Affiliate | | | | | | | | | | | | |
| | Deviation | Non-272 Affiliates | | | | | | | | | | | | |
| ldot | | Non-Affil. Carriers | | | | | | | | | | | | |

| Verizo | n Access | Services Instal | led 2002 | | | | | | ME | | | | | |
|---------|-------------|---------------------|----------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Service | Measure | Customer | Jan-02 | Feb-02 | Mar-02 | Apr-02 | May-02 | Jun-02 | Jul-02 | Aug-02 | Sep-02 | Oct-02 | Nov-02 | Dec-02 |
| FG D | | 272 Affiliate | | | | | | | | 100.0 | | 100.0 | 100.0 | |
| | | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | 80.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| DS0 | | 272 Affiliate | | | | | | | | | | | | |
| | | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | 95.0 | 100.0 | 100.0 | 92.5 | 66.7 | 100.0 |
| DS1 | | 272 Affiliate | | | | | | | | | | | | 100.0 |
| | | Non-272 Affiliates | | | | | | | 100.0 | 100.0 | | 100.0 | | 100.0 |
| | Percent Met | Non-Affil. Carriers | | | | | | | 96.0 | 96.7 | 97.8 | 95.9 | 97.8 | 96.0 |
| DS3 | | 272 Affiliate | | | | | | | | | | | | |
| | | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| OCn | | 272 Affiliate | | | | | | | | | | | | |
| | | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |

Notes:
1./ Data Not Required for months shaded in grey.
2./ Installation Data excludes CNRs.
3./ *** = standard deviation not defined

272 Biennial Audit Summary Template Repair Measures

| Verizo | on Access | Services 200 | 2 | | | | | | ME | | | | | |
|---------|-----------------|---------------------|--------|--------|--------|--------|--------|--------|---------------|---------------|---------------|---------------|---------------|---------------|
| Service | Measure | Customer | Jan-02 | Feb-02 | Mar-02 | Apr-02 | May-02 | Jun-02 | Jul-02 | Aug-02 | Sep-02 | Oct-02 | Nov-02 | Dec-02 |
| FG D | | 272 Affiliate | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| DS0 | | 272 Affiliate | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| DS1 | | 272 Affiliate | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | Trouble Tickets | Non-Affil. Carriers | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| DS3 | | 272 Affiliate | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| OCn | | 272 Affiliate | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| FG D | Avg Repair Int. | 272 Affiliate | | | | | | | | | | | | |
| | (Hours) | Non-272 Affiliates | | | | | | | | | | | | |
| | (******) | Non-Affil. Carriers | | | | | | | 8.4 | 2.2 | 1.8 | 1.7 | 2.9 | |
| | Standard | 272 Affiliate | | | | | | | | | - | | | |
| | Deviation | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | 6.6 | 1.2 | 0.4 | 0.3 | *** | |
| DS0 | Avg Repair Int. | 272 Affiliate | | | | | | | | | | | - | - |
| 500 | (Hours) | Non-272 Affiliates | | | | | | | | | | | | |
| | (1.100.10) | Non-Affil. Carriers | | | | | | | 2.9 | 5.8 | 4.0 | 1.5 | 3.7 | 3.1 |
| | Standard | 272 Affiliate | | | | | | | | | | | | |
| | Deviation | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | 2.2 | 6.7 | 4.3 | 1.1 | 3.8 | 2.8 |
| DS1 | Avg Repair Int. | 272 Affiliate | | | | | | | | | | | | |
| | (Hours) | Non-272 Affiliates | | | | | | | 4.1 | 26.2 | 5.2 | 1.2 | | 11.0 |
| | (, | Non-Affil. Carriers | | | | | | | 4.7 | 5.0 | 5.5 | 7.4 | 9.5 | 5.9 |
| | Standard | 272 Affiliate | | | | | | | | | | | | |
| | Deviation | Non-272 Affiliates | | | | | | | 1.1 | 39.3 | 4.6 | 0.9 | | 12.9 |
| | | Non-Affil. Carriers | | | | | | | 4.4 | 7.7 | 5.4 | 10.9 | 9.6 | 10.4 |
| DS3 | Avg Repair Int. | 272 Affiliate | | | | | | | | | | | | |
| | (Hours) | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | | | | | 2.4 | 2.5 |
| | Standard | 272 Affiliate | | | | | | | | | - | | | - |
| | Deviation | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | | - | - | | 0.3 | 2.2 |
| OCn | Avg Repair Int. | 272 Affiliate | | | | | | | | | | | | |
| | (Hours) | Non-272 Affiliates | | | | | | | | | | | | |
| Ļ | | Non-Affil. Carriers | | | | | | | | | | | | |
| | Standard | 272 Affiliate | | | | | | | | | | | | |
| | Deviation | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | | | | | | |
| Natas | | | | | | | | | | | | | | |

Notes:

1./ Data Not Required for months shaded in grey.
2./ *** = standard deviation not defined

VERIZON MAINE 272 AUDIT REPORT - 2002 PIC INTERVALS

| | | JUL | AUG | SEP | OCT | NOV | DEC |
|-----------------------|-----------|---------------|---------------|---------------|---------------|---------------|---------------|
| 272 AFFILIATES | RECORDS | *Proprietary* | *Proprietary* | *Proprietary* | *Proprietary* | *Proprietary* | *Proprietary* |
| | INTERVAL | 3:33 | 4:41 | 6:43 | 3:01 | 3:23 | 2:17 |
| | STD. DEV. | 1.7 | 2.1 | 4.0 | 1.2 | 1.1 | 1.7 |
| NON-AFFILIATES | RECORDS | *Proprietary* | *Proprietary* | *Proprietary* | *Proprietary* | *Proprietary* | *Proprietary* |
| | INTERVAL | 3:53 | 2:50 | 2:11 | 1:51 | 1:38 | 2:17 |
| | STD. DEV. | 6.2 | 2.8 | 1.8 | 1.7 | 1.5 | 1.8 |

NOTES:

^{1.} This report represents data showing the Average PIC Interval for carrier initiated files sent to Verizon by the long distance carriers. This includes Verizon long distance carriers(272 Affiliates) and the top 6 carriers represented by the term Non-Affiliates. The "PIC Interval" is defined as "the time a PIC change is completed in the switch " minus "the time the request was received by XEA". Each incoming file is time stamped when XEA picks it up for processing. Intervals are measured in Hrs:Mins.

272 Biennial Audit Summary Template FOC Measure

| /erizo | n FOC Results Da | ata 2001 | | | | | | | MA | | | | | |
|---------|---------------------|--------------------|--------|--------|--------|--------|--------------|--------|--------------|------------|------------|--------|------------|--------|
| Service | | Measure | Jan-01 | Feb-01 | Mar-01 | Apr-01 | | Jun-01 | | Aug-01 | Sep-01 | Oct-01 | Nov-01 | Dec-01 |
| S0 | 272 Affiliate | Orders | | | | | *proprietary | * | *proprietary | / * | *proprieta | ry* | *proprieta | ary* |
| | | FOC Interval | | | | | | | | 4.0 | | 1.0 | 1.0 | |
| | | Standard Deviation | | | | | | | | *** | | *** | *** | |
| | Non-272 Affiliates | Orders | | | | | *proprietary | * | *proprietary | / * | *proprieta | ry* | *proprieta | ary* |
| | | FOC Interval | | | | 5.4 | 2.2 | 1.8 | 2.2 | 2.6 | 1.9 | | | |
| | | Standard Deviation | | | | 8.7 | 6.4 | 2.1 | 2.4 | 3.0 | 2.6 | | | |
| | Non-Affil. Carriers | Orders | | | | | *proprietary | * | *proprietary | / * | *proprieta | ry* | *proprieta | ary* |
| | | FOC Interval | | | | 3.3 | 1.9 | 1.9 | 1.1 | 8.0 | 1.0 | 0.9 | 1.6 | 1.3 |
| | | Standard Deviation | | | | 3.7 | 8.7 | 7.7 | 3.1 | 2.4 | 2.2 | 2.3 | 4.9 | 2.4 |
| S1 | 272 Affiliate | Orders | | | | | *proprietary | * | *proprietary | / * | *proprieta | ry* | *proprieta | ary* |
| | | FOC Interval | | | | 2.0 | | 1.5 | 2.0 | | 2.5 | | | |
| | | Standard Deviation | | | | 0.0 | | 2.1 | *** | | 2.1 | | | |
| | Non-272 Affiliates | Orders | | | | | *proprietary | * | *proprietary | / * | *proprieta | ry* | *proprieta | ary* |
| | | FOC Interval | | | | 12.3 | 6.8 | 9.7 | 8.3 | 8.2 | 13.9 | 38.4 | 37.1 | 5.0 |
| | | Standard Deviation | | | | 22.6 | 14.6 | 21.0 | 24.4 | 25.0 | 28.7 | 70.2 | 51.5 | 15.6 |
| | Non-Affil. Carriers | Orders | | | | | *proprietary | * | *proprietary | / * | *proprieta | rv* | *proprieta | ary* |
| | | FOC Interval | | | | 12.3 | 9.7 | 10.4 | | 6.6 | 6.1 | 6.0 | 6.0 | 6.6 |
| | | Standard Deviation | | | | 26.9 | 23.9 | 25.5 | 23.2 | 18.8 | 14.6 | 17.4 | 16.6 | 17.3 |
| S3 | 272 Affiliate | Orders | | | | | *proprietary | * | *proprietary | / * | *proprieta | ry* | *proprieta | ary* |
| | | FOC Interval | | | | | | | | | | - | | |
| | | Standard Deviation | | | | | | | | | | | | |
| | Non-272 Affiliates | Orders | | | | | *proprietary | * | *proprietary | / * | *proprieta | ry* | *proprieta | ary* |
| | | FOC Interval | | | | 8.7 | 4.6 | 6.4 | 28.8 | 3.4 | 4.0 | | | 3.0 |
| | | Standard Deviation | | | | 9.8 | 4.4 | 5.1 | 87.4 | 5.2 | 5.3 | | | *** |
| | Non-Affil. Carriers | Orders | | | | | *proprietary | * | *proprietary | / * | *proprieta | rv* | *proprieta | ary* |
| | | FOC Interval | | | | 17.5 | 11.0 | 10.5 | 5.1 | 9.1 | 9.3 | 14.9 | 11.0 | 8.8 |
| | | Standard Deviation | | | | 41.0 | 26.3 | 21.4 | 16.2 | 28.8 | 23.5 | 37.5 | 29.0 | 33.7 |
| Cn | 272 Affiliate | Orders | | | | | *proprietary | * | *proprietary | / * | *proprieta | ry* | *proprieta | ary* |
| | | FOC Interval | | | | | | 8.5 | 33.0 | | · · | | · · | |
| | | Standard Deviation | | | | | | 0.7 | *** | | | | | |
| | Non-272 Affiliates | Orders | | | | | *proprietary | * | *proprietary | / * | *proprieta | rv* | *proprieta | arv* |
| | | FOC Interval | | | | | 17.5 | 9.0 | 2.3 | 3.4 | 0.5 | | | |
| | | Standard Deviation | | | | | 6.4 | 5.5 | 1.4 | 9.4 | 0.5 | | | |
| | Non-Affil. Carriers | Orders | | | | | *proprietary | | *proprietary | | *proprieta | rv* | *proprieta | ary* |
| | | FOC Interval | | | | 20.7 | 0.0 | 29.5 | | 2.9 | 9.0 | 10.0 | 9.3 | 9.0 |
| | | Standard Deviation | | | | 27.4 | 0.0 | 36.1 | 1.8 | 4.8 | 7.8 | 17.3 | 12.7 | 19.0 |

Notes:

^{1./} Data Not Required for months shaded in grey.

^{2./ *** =} standard deviation not defined

272 Biennial Audit Summary Template FOC Measure

| Service | Customer | Measure | Jan-02 | Feb-02 | Mar-02 | Apr-02 | May-02 | Jun-02 | Jul-02 | Aug-02 | Sep-02 | Oct-02 | Nov-02 | Dec-02 |
|---------|---------------------|--------------------|--------|---------------|--------|--------------|---------|-------------|--------|------------|----------|----------|--------|--------|
| S0 | 272 Affiliate | Orders | 0402 | *proprietary* | | *proprietary | | *proprietar | | *proprieta | | *proprie | | 200 02 |
| | | FOC Interval | | 1.0 | | 2.0 | 2.5 | | 1.0 | 2.0 | <i>,</i> | | | 1.4 |
| | | Standard Deviation | | *** | | *** | 0.7 | | 1.4 | *** | | | | 0.5 |
| | Non-272 Affiliates | Orders | | *proprietary* | | *proprietary | • • • • | *proprietar | | *proprieta | arv* | *proprie | etarv* | 0.0 |
| | | FOC Interval | | | | | | | | | , | | | |
| | | Standard Deviation | | | | | | | | | | | | |
| | Non-Affil. Carriers | Orders | | *proprietary* | | *proprietary | k . | *proprietar | v* | *proprieta | arv* | *proprie | etarv* | |
| | | FOC Interval | 0.7 | 0.9 | 1.5 | 1.8 | 1.6 | 1.1 | 1.2 | 1.6 | 1.4 | 1.5 | 1.3 | 1.2 |
| | | Standard Deviation | 1.3 | 1.1 | 2.2 | 1.8 | 1.6 | 1.4 | 1.2 | 1.8 | 1.4 | 1.9 | 1.2 | 1.2 |
| S1 | 272 Affiliate | Orders | | *proprietary* | | *proprietary | k | *proprietar | v* | *proprieta | arv* | *proprie | | |
| | | FOC Interval | | | | 1.0 | 0.8 | 1.0 | | 1.0 | 1.0 | 0.5 | 1.4 | 1.3 |
| | | Standard Deviation | | | | *** | 0.5 | *** | | 0.0 | 1.1 | 0.7 | 1.1 | 0.6 |
| | Non-272 Affiliates | Orders | | *proprietary* | | *proprietary | k | *proprietar | ν* | *proprieta | ary* | *proprie | etary* | |
| | | FOC Interval | 2.3 | 2.0 | 12.2 | 3.6 | 10.8 | 1.8 | 6.8 | 3.3 | 2.1 | 2.4 | 1.9 | 1.8 |
| | | Standard Deviation | 1.8 | 2.7 | 13.7 | 7.2 | 19.8 | 2.8 | 3.7 | 2.2 | 2.2 | 2.2 | 1.7 | 2.4 |
| | Non-Affil. Carriers | Orders | | *proprietary* | | *proprietary | k . | *proprietar | ν* | *proprieta | ary* | *proprie | etary* | |
| | | FOC Interval | 2.0 | 1.9 | 1.8 | 1.7 | 1.6 | 1.7 | 1.3 | 1.3 | 1.2 | 1.7 | 1.5 | 1.5 |
| | | Standard Deviation | 2.1 | 2.6 | 2.5 | 3.5 | 3.1 | 4.5 | 2.5 | 2.6 | 2.4 | 4.7 | 2.2 | 2.1 |
| S3 | 272 Affiliate | Orders | | *proprietary* | | *proprietary | ŧ | *proprietar | γ* | *proprieta | ary* | *proprie | etary* | |
| | | FOC Interval | | - | 2.0 | | | | 1.6 | 7.0 | 1.3 | 0.0 | 2.0 | |
| | | Standard Deviation | | | *** | | | | 2.7 | *** | 1.0 | *** | *** | |
| | Non-272 Affiliates | Orders | | *proprietary* | | *proprietary | k . | *proprietar | у* | *proprieta | ary* | *proprie | etary* | |
| | | FOC Interval | 2.0 | | | | | | | | | 2.0 | | |
| | | Standard Deviation | *** | | | | | | | | | *** | | |
| | Non-Affil. Carriers | Orders | | *proprietary* | | *proprietary | * | *proprietar | у* | *proprieta | ary* | *proprie | etary* | |
| | | FOC Interval | 2.0 | 1.4 | 1.4 | 1.6 | 1.6 | 2.4 | 1.4 | 1.4 | 2.3 | 2.2 | 1.8 | 7.3 |
| | | Standard Deviation | 2.5 | 1.6 | 1.7 | 2.7 | 1.6 | 3.8 | 1.6 | 2.1 | 6.2 | 3.7 | 3.3 | 17.5 |
| Cn | 272 Affiliate | Orders | | *proprietary* | | *proprietary | * | *proprietar | у* | *proprieta | ary* | *proprie | etary* | |
| | | FOC Interval | | | | | | | | | | | | |
| | | Standard Deviation | | | | | | | | | | | | |
| | Non-272 Affiliates | Orders | | *proprietary* | | *proprietary | k | *proprietar | у* | *proprieta | ary* | *proprie | etary* | |
| | | FOC Interval | | | | | | 6.0 | | | | | | |
| | | Standard Deviation | | | | | | *** | | | | | | |
| | Non-Affil. Carriers | Orders | | *proprietary* | | *proprietary | * | *proprietar | у* | *proprieta | ary* | *proprie | etary* | |
| | | FOC Interval | 3.0 | | 1.5 | 0.0 | | | 1.0 | 2.0 | 0.0 | 10.3 | 4.5 | 0.7 |
| | | | *** | | 0.7 | *** | | | *** | 2.8 | | 8.0 | 2.1 | 1.2 |

Notes:

^{1./} Data Not Required for months shaded in grey.

^{2./ *** =} standard deviation not defined

| Verizo | on Access | Services Insta | lled 200 | 1 | | | | | MA | | | | | |
|---------|----------------|---------------------|----------|--------|--------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Service | Measure | Customer | Jan-01 | Feb-01 | Mar-01 | Apr-01 | May-01 | Jun-01 | Jul-01 | Aug-01 | Sep-01 | Oct-01 | Nov-01 | Dec-01 |
| DS0 | | 272 Affiliate | | | | *proprietary* |
| | | Non-272 Affiliates | | | | *proprietary* |
| | | Non-Affil. Carriers | | | | *proprietary* |
| DS1 | | 272 Affiliate | | | | *proprietary* |
| | | Non-272 Affiliates | | | | *proprietary* |
| | | Non-Affil. Carriers | | | | *proprietary* |
| DS3 | | 272 Affiliate | | | | *proprietary* |
| | Order Volumes | Non-272 Affiliates | | | | *proprietary* |
| | | Non-Affil. Carriers | | | | *proprietary* |
| OCn | | 272 Affiliate | | | | *proprietary* |
| | | Non-272 Affiliates | | | | *proprietary* |
| | | Non-Affil. Carriers | | | | *proprietary* |
| DS0 | Avg Inst. Int. | 272 Affiliate | | | | | - | | - | - | | - | 6.0 | - |
| | (Days) | Non-272 Affiliates | | | | 13.9 | 15.1 | 14.4 | 14.2 | 13.9 | 12.4 | - | | |
| | | Non-Affil. Carriers | | | | 14.7 | 18.5 | 17.7 | 17.9 | 17.5 | 16.6 | 17.1 | 15.6 | 22.8 |
| | Standard | 272 Affiliate | | | | - | _ | | - | - | - | _ | *** | - |
| | Deviation | Non-272 Affiliates | | | | 11.6 | 12.9 | 15.9 | 10.4 | 12.4 | 12.3 | - | | - |
| | | Non-Affil. Carriers | | | | 12.4 | 20.7 | 12.8 | 11.9 | 9.8 | 11.4 | 10.0 | 7.2 | 22.2 |
| DS1 | Avg Inst. Int. | 272 Affiliate | | | | - | _ | | 11.0 | - | - | 27.0 | - | - |
| | (Days) | Non-272 Affiliates | | | | 36.5 | 31.7 | 31.6 | 42.4 | 34.3 | 38.3 | 78.7 | 44.1 | 48.3 |
| | , , , | Non-Affil. Carriers | | | | 38.9 | 37.3 | 33.4 | 38.8 | 32.2 | 28.2 | 29.9 | 25.9 | 35.1 |
| | Standard | 272 Affiliate | | | | - | - | | 0.0 | | - | 8.5 | | - |
| | Deviation | Non-272 Affiliates | | | | 24.9 | 28.2 | 28.7 | 33.4 | 29.5 | 35.0 | 97.3 | 50.2 | 50.3 |
| | | Non-Affil. Carriers | | | | 42.1 | 38.6 | 40.1 | 44.3 | 34.3 | 30.1 | 31.2 | 25.5 | 47.6 |
| DS3 | Avg Inst. Int. | 272 Affiliate | | | | | - | | | | | - | | |
| | (Days) | Non-272 Affiliates | | | | 18.5 | 12.0 | 15.5 | 42.4 | 39.0 | 28.5 | 25.0 | | |
| | , , , | Non-Affil. Carriers | | | | 39.4 | 66.7 | 45.7 | 54.2 | 69.3 | 61.5 | 43.9 | 33.6 | 44.3 |
| li | Standard | 272 Affiliate | | | | | - | | | | | - | | - |
| | Deviation | Non-272 Affiliates | | | | 15.7 | *** | 3.5 | 37.8 | 39.1 | 23.3 | *** | | |
| | | Non-Affil. Carriers | | | | 46.1 | 47.4 | 60.0 | 47.6 | 50.7 | 60.6 | 38.2 | 43.5 | 54.1 |
| OCn | Avg Inst. Int. | 272 Affiliate | | | | | - | | | | | - | | |
| | (Days) | Non-272 Affiliates | | | | | 12.0 | 14.0 | | | 29.0 | | | |
| | (- 7 - 7 | Non-Affil. Carriers | | | | - | - | 79.0 | | | 88.0 | | 56.0 | 24.5 |
| | Standard | 272 Affiliate | | | | | - | | | | | - | | - |
| | Deviation | Non-272 Affiliates | | | | | *** | 5.7 | | | 29.7 | | | |
| | | Non-Affil. Carriers | | | | _ | _ | *** | | - | *** | _ | 50.9 | 19.1 |
| | | Non-Affil. Carriers | | | | | - | *** | | | *** | - | 50.9 | 1 |

| Verizo | on Access | Services Insta | alled 2001 | | | | | | MA | | | | | |
|---------|-------------|---------------------|------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Service | Measure | Customer | Jan-01 | Feb-01 | Mar-01 | Apr-01 | May-01 | Jun-01 | Jul-01 | Aug-01 | Sep-01 | Oct-01 | Nov-01 | Dec-01 |
| DS0 | | 272 Affiliate | | | | - | - | | - | - | - | - | 100.0% | - |
| | | Non-272 Affiliates | | | | 86.4% | 81.0% | 79.1% | 81.7% | 87.9% | 85.6% | - | | |
| | | Non-Affil. Carriers | | | | 85.8% | 81.5% | 87.3% | 87.1% | 82.4% | 84.6% | 83.4% | 82.5% | 82.2% |
| DS1 | | 272 Affiliate | | | | - | _ | | 100.0% | - | - | 100.0% | - | - |
| | | Non-272 Affiliates | | | | 73.6% | 69.5% | 76.0% | 64.2% | 71.7% | 86.9% | 48.4% | 65.4% | 36.4% |
| | | Non-Affil. Carriers | | | | 71.7% | 75.1% | 72.9% | 70.1% | 78.7% | 83.0% | 86.3% | 91.9% | 90.1% |
| DS3 | | 272 Affiliate | | | | - | - | | - | - | - | - | - | - |
| | Percent Met | Non-272 Affiliates | | | | 75.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 0.0% | | |
| | | Non-Affil. Carriers | | | | 35.0% | 61.5% | 83.8% | 66.7% | 57.1% | 72.2% | 55.0% | 77.3% | 85.7% |
| OCn | | 272 Affiliate | | | | - | _ | | - | - | - | _ | - | - |
| | | Non-272 Affiliates | | | | - | 0.0% | 100.0% | | - | 50.0% | - | | |
| | | Non-Affil. Carriers | | | | - | - | 100.0% | - | | 100.0% | - | 0.0% | 50.0% |
| | | | | | | | | | | | | | | |

- Notes:
 1./ Data Not Required for months shaded in grey.
 2./ Installation Data excludes CNRs.
 3./ FG D Data Not required for 2001.
 4./ *** = standard deviation not defined

| Verizo | on Access | Services Insta | alled 2002 | | | | | | MA | | | | | |
|---------|----------------|---------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Service | Measure | Customer | Jan-02 | Feb-02 | Mar-02 | Apr-02 | May-02 | Jun-02 | Jul-02 | Aug-02 | Sep-02 | Oct-02 | Nov-02 | Dec-02 |
| FG D | | 272 Affiliate | *proprietary* |
| | | Non-272 Affiliates | *proprietary* |
| | | Non-Affil. Carriers | *proprietary* |
| DS0 | | 272 Affiliate | *proprietary* |
| | | Non-272 Affiliates | *proprietary* |
| | | Non-Affil. Carriers | *proprietary* |
| DS1 | | 272 Affiliate | *proprietary* |
| | | Non-272 Affiliates | *proprietary* |
| | Order Volumes | Non-Affil. Carriers | *proprietary* |
| DS3 | | 272 Affiliate | *proprietary* |
| | | Non-272 Affiliates | *proprietary* |
| | | Non-Affil. Carriers | *proprietary* |
| OCn | | 272 Affiliate | *proprietary* |
| | | Non-272 Affiliates | *proprietary* |
| | | Non-Affil. Carriers | *proprietary* |
| FG D | Avg Inst. Int. | 272 Affiliate | 46.5 | 54.0 | 35.8 | 62.0 | | | | | | | 35.2 | 40.0 |
| | (Days) | Non-272 Affiliates | | | | | | | | | | | | |
| | (- 7 - 7 | Non-Affil. Carriers | 24.1 | 20.8 | 27.9 | 32.9 | 15.5 | 22.2 | 29.2 | 20.7 | 18.6 | 23.2 | 27.6 | 34.1 |
| i | Standard | 272 Affiliate | 6.4 | 40.3 | 3.5 | *** | | | | | | | 3.9 | 10.6 |
| | Deviation | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | 15.8 | 8.9 | 19.3 | 10.4 | 9.0 | 7.9 | 9.6 | 12.3 | 10.2 | 11.1 | 42.4 | 24.8 |
| DS0 | Avg Inst. Int. | 272 Affiliate | | - | 17.0 | 7.0 | 6.0 | | | 18 | | | | |
| | (Days) | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | 19.4 | 14.7 | 13.7 | 13.8 | 14.3 | 12.1 | 14.1 | 15.0 | 16.9 | 11.6 | 16.6 | 11.8 |
| | Standard | 272 Affiliate | | | *** | *** | *** | | | *** | | | | |
| | Deviation | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | 16.6 | 9.4 | 13.7 | 9.3 | 20.2 | 6.0 | 9.2 | 7.7 | 11.1 | 10.9 | 8.5 | 8.2 |
| DS1 | Avg Inst. Int. | 272 Affiliate | | | | | 15.0 | | | 17.0 | 16.5 | 18.0 | 29.0 | 18.8 |
| | (Days) | Non-272 Affiliates | 51.6 | 32.9 | 40.7 | 40.7 | 36.6 | 27.3 | 65.1 | 22.5 | 21.9 | 30.8 | 31.3 | 46.8 |
| | | Non-Affil. Carriers | 26.8 | 24.5 | 22.5 | 23.4 | 23.5 | 24.0 | 26.2 | 25.5 | 25.7 | 24.5 | 25.2 | 26.3 |
| | Standard | 272 Affiliate | | | | | *** | | | *** | 4.9 | 8.7 | *** | 7.5 |
| | Deviation | Non-272 Affiliates | 34.1 | 21.6 | 33.8 | 52.4 | 30.3 | 12.3 | 41.8 | 13.0 | 6.7 | 9.9 | 17.8 | 28.9 |
| | | Non-Affil. Carriers | 23.8 | 21.0 | 24.4 | 18.4 | 20.0 | 21.9 | 24.2 | 20.8 | 24.5 | 28.3 | 25.6 | 22.8 |
| DS3 | Avg Inst. Int. | 272 Affiliate | | | 9.0 | | | | | 14 | 31 | 49 | | |
| | (Days) | Non-272 Affiliates | 13.0 | 27.0 | | | | | | | | | | 55 |
| | | Non-Affil. Carriers | 70.8 | 31.6 | 31.3 | 44.0 | 52.2 | 34.0 | 51.5 | 38.1 | 28.7 | 43.8 | 41.7 | 44.8 |
| | Standard | 272 Affiliate | | | *** | | | | | *** | *** | 17 | | |
| | Deviation | Non-272 Affiliates | *** | *** | . | | | | | | | | | *** |
| | | Non-Affil. Carriers | 60.2 | 18.8 | 26.4 | 26.6 | 39.3 | 18.2 | 64.4 | 18.2 | 25.9 | 34.2 | 31.9 | 24.7 |
| OCn | Avg Inst. Int. | 272 Affiliate | | | | | | | | | | | | |
| | (Days) | Non-272 Affiliates | | | | | | | | | | | | |
| | 0: 1:1 | Non-Affil. Carriers | | | 9.0 | | 40.0 | - | | | 29 | - | | |
| | Standard | 272 Affiliate | | | | | | | | | | | | |
| | Deviation | Non-272 Affiliates | | | | | | | | | *** | | | |
| | | Non-Affil. Carriers | | | *** | | *** | | | | *** | | | |

| Verizo | on Access | Services Insta | lled 2002 | | | | | | MA | | | | | |
|---------|-------------|---------------------|-----------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Service | Measure | Customer | Jan-02 | Feb-02 | Mar-02 | Apr-02 | May-02 | Jun-02 | Jul-02 | Aug-02 | Sep-02 | Oct-02 | Nov-02 | Dec-02 |
| FG D | | 272 Affiliate | 100.0 | 100.0 | 100.0 | 100.0 | | | | | | | 100.0 | 100.0 |
| | | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | 97.3 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 92.9 | 100.0 | 100.0 | 94.6 | 100.0 |
| DS0 | | 272 Affiliate | | - | 100.0 | 100.0 | 100.0 | | | 100 | | | | |
| | | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | 87.4 | 88.3 | 91.8 | 89.6 | 93.0 | 88.1 | 89.6 | 90.5 | 91.1 | 92.4 | 97.8 | 96.9 |
| DS1 | | 272 Affiliate | | | | | 100.0 | | | 100 | 100 | 100 | 100 | 100 |
| | | Non-272 Affiliates | 100.0 | 87.5 | 100.0 | 90.0 | 100.0 | 95.5 | 100.0 | 98.7 | 100.0 | 99.5 | 89.7 | 88.9 |
| | Percent Met | Non-Affil. Carriers | 91.4 | 92.1 | 93.5 | 94.5 | 95.0 | 95.8 | 92.9 | 95.7 | 95.3 | 99.2 | 98.3 | 96.3 |
| DS3 | | 272 Affiliate | | - | 100.0 | | | | | 100 | 100 | 50 | | |
| | | Non-272 Affiliates | 100.0 | 100.0 | | | | | | | | | | 0.0 |
| | | Non-Affil. Carriers | 75.0 | 62.5 | 82.9 | 90.0 | 82.6 | 85.0 | 73.7 | 95.0 | 100.0 | 84.6 | 100.0 | 88.2 |
| OCn | | 272 Affiliate | | | | | | | | | | | | |
| | | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | 100.0 | | 100.0 | | | | 100.0 | | | |
| | | | | | | | | | | | | | | |

Notes:
1./ Data Not Required for months shaded in grey.
2./ Installation Data excludes CNRs.
3./ FG D Data Not required for 2001.
4./ *** = standard deviation not defined

| Verize | on Access | Services 200 | 1 | | | | | | MA | | | | | |
|--|-----------------|---------------------|--------|--------|--------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Service | Measure | Customer | Jan-01 | Feb-01 | Mar-01 | Apr-01 | May-01 | Jun-01 | Jul-01 | Aug-01 | Sep-01 | Oct-01 | Nov-01 | Dec-01 |
| DS0 | | 272 Affiliate | | | | *proprietary* |
| | | Non-272 Affiliates | | | | *proprietary* |
| | | Non-Affil. Carriers | | | | *proprietary* |
| DS1 | | 272 Affiliate | | | | *proprietary* |
| | | Non-272 Affiliates | | | | *proprietary* |
| | | Non-Affil. Carriers | | | | *proprietary* |
| DS3 | | 272 Affiliate | | | | *proprietary* |
| | Trouble Tickets | Non-272 Affiliates | | | | *proprietary* |
| | | Non-Affil. Carriers | | | | *proprietary* |
| OCn | | 272 Affiliate | | | | *proprietary* |
| | | Non-272 Affiliates | | | | *proprietary* |
| | | Non-Affil. Carriers | | | | *proprietary* |
| DS0 | Avg Repair Int. | 272 Affiliate | | | | - | | | | - | | | | - |
| | (Hours) | Non-272 Affiliates | | | | 5.9 | 3.8 | 11.0 | 4.8 | 5.2 | 3.1 | | | |
| | | Non-Affil. Carriers | | | | 4.6 | 4.0 | 7.9 | 4.8 | 6.3 | 4.7 | 5.1 | 5.5 | 5.3 |
| | Standard | 272 Affiliate | | | | - | - | | - | - | - | - | - | - |
| | Deviation | Non-272 Affiliates | | | | 9.0 | 6.0 | 17.7 | 8.1 | 8.1 | 4.4 | - | | |
| | | Non-Affil. Carriers | | | | 4.8 | 4.3 | 15.8 | 5.8 | 10.8 | 5.0 | 5.6 | 6.2 | 6.9 |
| DS1 | Avg Repair Int. | 272 Affiliate | | | | - | | | | 1.3 | 0.2 | 0.6 | 0.5 | |
| | (Hours) | Non-272 Affiliates | | | | 5.8 | 3.5 | 3.3 | 4.2 | 4.2 | 4.1 | 4.4 | 5.0 | 7.3 |
| | | Non-Affil. Carriers | | | | 4.8 | 4.9 | 4.6 | 6.2 | 5.3 | 4.8 | 4.9 | 4.8 | 5.3 |
| | Standard | 272 Affiliate | | | | - | | | | *** | *** | 0.4 | *** | - |
| | Deviation | Non-272 Affiliates | | | | 8.8 | 5.1 | 4.9 | 5.2 | 5.5 | 4.9 | 6.1 | 6.7 | 10.4 |
| | | Non-Affil. Carriers | | | | 6.9 | 6.5 | 7.3 | 9.4 | 7.5 | 7.2 | 7.6 | 8.5 | 8.3 |
| DS3 | Avg Repair Int. | 272 Affiliate | | | | - | | | | - | | | - | - |
| | (Hours) | Non-272 Affiliates | | | | 2.3 | 2.6 | 1.9 | 0.8 | - | | - | | |
| | | Non-Affil. Carriers | | | | 4.2 | 5.4 | 2.2 | 12.6 | 2.3 | 3.7 | 9.2 | 10.5 | 3.3 |
| | Standard | 272 Affiliate | | | | - | | | | | | | | |
| | Deviation | Non-272 Affiliates | | | | 1.7 | 2.7 | *** | 0.2 | - | | | | |
| | | Non-Affil. Carriers | | | | 5.0 | 7.7 | 3.0 | 17.5 | 1.5 | 2.7 | 8.8 | 9.9 | 2.8 |
| OCn | Avg Repair Int. | 272 Affiliate | | | | - | | - | _ | | - | - | - | - |
| | | Non-272 Affiliates | | | | _ | | | | - | | | | |
| | / | Non-Affil. Carriers | | | | 2.2 | | 1.0 | _ | _ | | | - | _ |
| | Standard | 272 Affiliate | | | | - | | | - | - | | - | | |
| | | Non-272 Affiliates | | | | _ | | | _ | _ | | | - | _ |
| | | Non-Affil, Carriers | | | | *** | | *** | _ | _ | | | - | _ |
| | | | | | | | | | | | | | | |

Notes:
1./ Data Not Required for months shaded in grey.
2./ FG D Data Not Required for 2001.
3./ *** = standard deviation not defined

| Veriz | on Access | Services 200 | 2 | | | | | | MA | | | | | |
|---------|-----------------|---------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Service | Measure | Customer | Jan-02 | Feb-02 | Mar-02 | Apr-02 | May-02 | Jun-02 | Jul-02 | Aug-02 | Sep-02 | Oct-02 | Nov-02 | Dec-02 |
| FG D | | 272 Affiliate | *proprietary* |
| | | Non-272 Affiliates | *proprietary* |
| | | Non-Affil. Carriers | *proprietary* |
| DS0 | | 272 Affiliate | *proprietary* |
| 500 | | Non-272 Affiliates | *proprietary* |
| | | Non-Affil. Carriers | *proprietary* |
| DS1 | | 272 Affiliate | *proprietary* |
| D31 | | Non-272 Affiliates | *proprietary* |
| | Trouble Tickets | Non-Affil. Carriers | *proprietary* | *proprietary* | | *proprietary* | | | | | | | | |
| DC2 | Trouble Tickets | | | 1 1 | *proprietary* | 1 1 1 | *proprietary* |
| DS3 | | 272 Affiliate | *proprietary* |
| | | Non-272 Affiliates | *proprietary* |
| | | Non-Affil. Carriers | *proprietary* |
| OCn | | 272 Affiliate | *proprietary* |
| | | Non-272 Affiliates | *proprietary* |
| | | Non-Affil. Carriers | *proprietary* |
| FG D | Avg Repair Int. | 272 Affiliate | 0.5 | 2.6 | 1.2 | 0.5 | 1.1 | 1.2 | 1.6 | 2.6 | 1.2 | 8.0 | 2.9 | 8.0 |
| | (Hours) | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | 3.8 | 2.2 | 3.0 | 1.7 | 1.5 | 2.1 | 2.5 | 3.2 | 2.4 | 2.1 | 4.5 | 6.9 |
| | Standard | 272 Affiliate | 0.6 | 3.2 | 0.4 | 0.4 | 0.2 | 1.5 | 8.0 | 2.6 | 0.6 | 0.3 | 2.1 | 8.0 |
| | Deviation | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | 3.9 | 2.0 | 2.0 | 1.0 | 0.7 | 1.2 | 1.9 | 3.2 | 1.3 | 1.1 | 1.2 | 10.5 |
| DS0 | Avg Repair Int. | 272 Affiliate | | | 3.7 | | | | | | | | | 1.3 |
| | (Hours) | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | 5.1 | 4.4 | 4.6 | 4.7 | 4.2 | 4.4 | 4.6 | 3.6 | 4.2 | 3.6 | 4.1 | 4.5 |
| | Standard | 272 Affiliate | | | 0.9 | | | | | | | | | *** |
| | Deviation | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | 8.1 | 5.2 | 6.0 | 4.9 | 5.1 | 4.6 | 5.2 | 4.0 | 3.8 | 4.2 | 5.9 | 6.1 |
| DS1 | Avg Repair Int. | 272 Affiliate | | | | | | | | | | | | |
| | (Hours) | Non-272 Affiliates | 3.7 | 4.7 | 6.8 | 8.0 | 5.8 | 6.1 | 6.1 | 9.5 | 4.9 | 6.5 | 8.7 | 7.3 |
| | | Non-Affil. Carriers | 5.2 | 5.5 | 5.8 | 5.5 | 5.3 | 5.4 | 6.4 | 6.1 | 5.6 | 5.4 | 5.9 | 4.1 |
| | Standard | 272 Affiliate | | | | | | | | | | | | |
| | Deviation | Non-272 Affiliates | 4.2 | 6.1 | 8.8 | 8.0 | 5.1 | 7.3 | 5.2 | 10.5 | 3.4 | 7.5 | 7.3 | 8.2 |
| | | Non-Affil. Carriers | 6.4 | 6.8 | 7.1 | 9.2 | 6.0 | 5.1 | 6.3 | 5.7 | 5.1 | 4.7 | 5.5 | 4.7 |
| DS3 | Avg Repair Int. | 272 Affiliate | | | | | | | | | | 4.6 | | 1.7 |
| | (Hours) | Non-272 Affiliates | | 4.6 | | | | 46.3 | | | | | | |
| | | Non-Affil. Carriers | 9.5 | 8.2 | 5.6 | 12.8 | 4.9 | 2.4 | 5.7 | 3.4 | 2.7 | 7.3 | 7.8 | 2.1 |
| | Standard | 272 Affiliate | | | | | | | | | | 0.6 | | *** |
| | Deviation | Non-272 Affiliates | | *** | | | | *** | | | | | | |
| | | Non-Affil. Carriers | 12.9 | 11.0 | 3.2 | 12.9 | 7.2 | 2.0 | 4.9 | 0.3 | 3.6 | 9.1 | 9.4 | 1.4 |
| OCn | Avg Repair Int. | 272 Affiliate | | | | | | | | | | | | |
| | (Hours) | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | - | | | | - | | | | - |
| | Standard | 272 Affiliate | | | | | | | | | | | | |
| | Deviation | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | - | | | | - | | | | - |
| | | | | | | | | | | | | | | |

Notes:
1./ Data Not Required for months shaded in grey.
2./ FG D Data Not Required for 2001.
3./ *** = standard deviation not defined

VERIZON MASSACHUSETTS 272 AUDIT REPORT - 2001 PIC INTERVALS

| | | | APR | MAY | JUN | JUL | AUG | SEP | ОСТ | NOV | DEC |
|---|---------------|-----------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 2 | 72 AFFILIATES | RECORDS | *Proprietary* |
| | | INTERVAL | 1:17 | 0:43 | 0:41 | 0:48 | 0:40 | 1:58 | 0:37 | 2:29 | 1:54 |
| | | STD. DEV. | 2.6 | 0.4 | 0.3 | 0.5 | 3.0 | 1.7 | 1.5 | 5.5 | 5.4 |
| Ν | ON-AFFILIATES | RECORDS | *Proprietary* |
| | | INTERVAL | 2:09 | 3:01 | 2:23 | 2:27 | 3:37 | 2:26 | 2:29 | 2:28 | 2:15 |
| | | STD. DEV. | 2.2 | 4.4 | 2.5 | 4.4 | 9.1 | 2.1 | 2.7 | 4.0 | 2.0 |

NOTES:

^{1.} This report represents data showing the Average PIC Interval for carrier initiated files sent to Verizon by the long distance carriers. This includes Verizon long distance carriers(272 Affiliates) and the top 6 carriers represented by the term Non-Affiliates. The "PIC Interval" is defined as "the time a PIC change is completed in the switch " minus "the time the request was received by XEA". Each incoming file is time stamped when XEA picks it up for processing. Intervals are measured in Hrs:Mins.

VERIZON MASSACHUSETTS 272 AUDIT REPORT - 2002 PIC INTERVALS

| | | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC |
|-----------------------|-----------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 272 AFFILIATES | RECORDS | *Proprietary* |
| | INTERVAL | 1:49 | 0:52 | 1:40 | 3:16 | 0:56 | 27:55:00 | 5:13 | 4:30 | 3:23 | 1:17 | 6:36 | 7:33 |
| | STD. DEV. | 4.3 | 2.2 | 5.6 | 4.2 | 0.9 | 23.5 | 35.0 | 4.5 | 15.8 | 1.2 | 10.3 | 15.6 |
| NON-AFFILIATES | RECORDS | *Proprietary* |
| | INTERVAL | 2:20 | 2:21 | 3:48 | 2:08 | 5:11 | 2:37 | 4:26 | 3:08 | 3:39 | 1:51 | 1:51 | 2:21 |
| | STD. DEV. | 2.4 | 3.3 | 8.6 | 2.1 | 20.4 | 2.9 | 12.7 | 2.9 | 24.3 | 1.7 | 1.9 | 2.2 |

NOTES:

^{1.} This report represents data showing the Average PIC Interval for carrier initiated files sent to Verizon by the long distance carriers. This includes Verizon long distance carriers(272 Affiliates) and the top 6 carriers represented by the term Non-Affiliates. The "PIC Interval" is defined as "the time a PIC change is completed in the switch " minus "the time the request was received by XEA". Each incoming file is time stamped when XEA picks it up for processing. Intervals are measured in Hrs:Mins.

| Service | 1 FOC Results Da | Measure | Jan-02 | Feb-02 | Mar-02 | Apr-02 | May-02 | Jun-02 | NH Jul-02 | Aug-02 | Sep-02 | Oct-02 | Nov-02 | Dec-02 |
|---------|---------------------|--------------------|--------|---------|----------|--------|----------|---------|--------------|--------|----------|--------|------------|---------|
| OSO | 272 Affiliate | Orders | Jan-02 | 1 60-02 | IVIAI-UZ | Αμι-υ2 | iviay-02 | Juli-02 | Jui-02 | Aug-02 | *proprie | | *proprieta | |
| 550 | 272 Allillate | FOC Interval | | | | | | | | | proprie | | propried | aiy |
| | | Standard Deviation | | | | | | | | | | | | |
| | Non-272 Affiliates | Orders | | | | | | | | | *proprie | tarv* | *proprieta | arv* |
| | Tron Er Er animatoo | FOC Interval | | | | | | | | | | | | y |
| | | Standard Deviation | | | | | | | | | | | | |
| | Non-Affil. Carriers | Orders | | | | | | | | | *proprie | tarv* | *proprieta | arv* |
| | | FOC Interval | | | | | | | | | 2.4 | 2.0 | 1.4 | 1.5 |
| | | Standard Deviation | | | | | | | | | 6.7 | 1.5 | 1.8 | 1.7 |
| DS1 | 272 Affiliate | Orders | | | | | | | | | *proprie | | *proprieta | |
| | | FOC Interval | | | | | | | | | | | 1.0 | 0.0 |
| | | Standard Deviation | | | | | | | | | | | *** | *** |
| | Non-272 Affiliates | Orders | | | | | | | | | *proprie | tary* | *proprieta | ary* |
| | | FOC Interval | | | | | | | | | 3.0 | 1.3 | 1.0 | 1.8 |
| | | Standard Deviation | | | | | | | | | 2.2 | 1.5 | *** | 1.0 |
| | Non-Affil. Carriers | Orders | | | | | | | | | *proprie | tary* | *proprieta | ary* |
| | | FOC Interval | | | | | | | | | 1.3 | 2.3 | 1.9 | 2.0 |
| | | Standard Deviation | | | | | | | | | 4.8 | 5.4 | 5.0 | 3.4 |
| DS3 | 272 Affiliate | Orders | | | | | | | | | *proprie | tary* | *proprieta | ary* |
| | | FOC Interval | | | | | | | | | | | | 3.0 |
| | | Standard Deviation | | | | | | | | | | | | *** |
| | Non-272 Affiliates | Orders | | | | | | | | | *proprie | tary* | *proprieta | ary* |
| | | FOC Interval | | | | | | | | | | | | |
| | | Standard Deviation | | | | | | | | | | | | |
| | Non-Affil. Carriers | Orders | | | | | | | | | *proprie | tary* | *proprieta | ary* |
| | | FOC Interval | | | | | | | | | 1.7 | 1.3 | 1.0 | 2.0 |
| | | Standard Deviation | | | | | | | | | 1.5 | 1.5 | 1.2 | *** |
| Ocn | 272 Affiliate | Orders | | | | | | | | | *proprie | tary* | *proprieta | ary* |
| | | FOC Interval | | | | | | | | | | | | |
| | | Standard Deviation | | | | | | | | | | | | |
| | Non-272 Affiliates | Orders | | | | | | | | | *proprie | tary* | *proprieta | ary* |
| | | FOC Interval | | | | | | | | | | | | |
| | | Standard Deviation | | | | | | | | | | | | |
| | Non-Affil. Carriers | Orders | | | | | | | | | *proprie | tary* | *proprieta | ary* |
| | | FOC Interval | | | | | | | | | | | | |
| | | Standard Deviation | | | | | | | | | | | | |

^{1./} Data Not Required for months shaded in grey.

^{2./ *** =} standard deviation not defined

| Veriz | on Access | Services Install | ed 2002 | | | | | | NH | | | | | |
|---------|----------------|---|---------|--------|--------|--------|--------|--------|--------|--------|---------------|---------------|---------------|---------------|
| Service | Measure | Customer | Jan-02 | Feb-02 | Mar-02 | Apr-02 | May-02 | Jun-02 | Jul-02 | Aug-02 | Sep-02 | Oct-02 | Nov-02 | Dec-02 |
| FG D | | 272 Affiliate | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| DS0 | | 272 Affiliate | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| DS1 | | 272 Affiliate | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | Order Volumes | Non-Affil. Carriers | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| DS3 | | 272 Affiliate | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| 00: | | Non-Affil. Carriers | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| OCn | | 272 Affiliate | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| FG D | A last lat | Non-Affil. Carriers | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| FGD | Avg Inst. Int. | 272 Affiliate | | | | | | | | | - | 131.0 | | |
| | (Days) | Non-272 Affiliates Non-Affil. Carriers | | | | | | | | | 25.0 | 15.3 | 17.8 | 23.4 |
| | Standard | 272 Affiliate | | | | | | | | | 25.0 | 10.3 | | 23.4 |
| | Deviation | Non-272 Affiliates | | | | | | | | | | | | |
| | Deviation | Non-Affil. Carriers | | | | | | | | | 8.2 | 3.5 | 8.2 | 13.4 |
| DS0 | Avg Inst. Int. | 272 Affiliate | | | | | | | | | | | | |
| | (Days) | Non-272 Affiliates | | | | | | | | | | | | |
| | ()-/ | Non-Affil. Carriers | | | | | | | | | 26.1 | 10.8 | 27.3 | 20.1 |
| l i | Standard | 272 Affiliate | | | | | | | | | | | - | |
| | Deviation | Non-272 Affiliates | | | | | | | | | - | | | |
| | | Non-Affil. Carriers | | | | | | | | | 27.2 | 6.1 | 17.5 | 20.6 |
| DS1 | Avg Inst. Int. | 272 Affiliate | | | | | | | | | | | | |
| | (Days) | Non-272 Affiliates | | | | | | | | | 45.0 | 15.0 | | 10.5 |
| | | Non-Affil. Carriers | | | | | | | | | 26.5 | 24.4 | 25.4 | 34.0 |
| | Standard | 272 Affiliate | | | | | | | | | *** | | | |
| | Deviation | Non-272 Affiliates | | | | | | | | | | 4.3 | | 3.5 |
| DS3 | Avg Inst. Int. | Non-Affil. Carriers 272 Affiliate | | | | | | | | | 37.9 | 32.3 | 40.8 | 52.0 |
| DSS | | Non-272 Affiliates | | | | | | | | | | | | |
| | (Days) | Non-Affil. Carriers | | | | | | | | | | | 27.0 | 50.0 |
| 1 | Standard | 272 Affiliate | | | | | | | | | | | | |
| | Deviation | Non-272 Affiliates | | | | | | | | | | | | |
| | 20110001 | Non-Affil. Carriers | | | | | | | | | | | *** | *** |
| OCn | Avg Inst. Int. | 272 Affiliate | | | | | | | | | | | | |
| | (Days) | Non-272 Affiliates | | | | | | | | | | | | |
| | (-) - / | Non-Affil. Carriers | | | | | | | | | | | | |
| | Standard | 272 Affiliate | | | | | | | | | | | | |
| | Deviation | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | | | | | | |

| Verizo | n Access | Services Instal | led 2002 | | | | | | NH | | | | | |
|---------|-------------|---------------------|----------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Service | Measure | Customer | Jan-02 | Feb-02 | Mar-02 | Apr-02 | May-02 | Jun-02 | Jul-02 | Aug-02 | Sep-02 | Oct-02 | Nov-02 | Dec-02 |
| FG D | | 272 Affiliate | | | | | | | | | | 100.0 | | |
| | | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | | | 100.0 | 100.0 | 100.0 | 100.0 |
| DS0 | | 272 Affiliate | | | | | | | | | | | | |
| | | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | | | 93.9 | 96.1 | 100.0 | 95.8 |
| DS1 | | 272 Affiliate | | | | | | | | | | - | | |
| | | Non-272 Affiliates | | | | | | | | | 100.0 | 100.0 | | 50.0 |
| | Percent Met | Non-Affil. Carriers | | | | | | | | | 90.1 | 93.2 | 93.2 | 91.2 |
| DS3 | | 272 Affiliate | | | | | | | | | | | | |
| | | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | | | | | 100.0 | 100.0 |
| OCn | | 272 Affiliate | | | | | | | | | | | | |
| | | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | | | | | | |
| , | | • | | | | | | | | | | | | |

Notes:
1./ Data Not Required for months shaded in grey.
2./ Installation Data excludes CNRs.
3./ *** = standard deviation not defined

| Verizo | on Access | Services 200 | | | | | | | NH | | | | | |
|---------|-----------------|---------------------|--------|--------|--------|--------|--------|--------|--------|--------|---------------|---------------|---------------|---------------|
| Service | Measure | Customer | Jan-02 | Feb-02 | Mar-02 | Apr-02 | May-02 | Jun-02 | Jul-02 | Aug-02 | Sep-02 | Oct-02 | Nov-02 | Dec-02 |
| FG D | | 272 Affiliate | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| DS0 | | 272 Affiliate | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| DS1 | | 272 Affiliate | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | Trouble Tickets | Non-Affil. Carriers | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| DS3 | | 272 Affiliate | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| OCn | | 272 Affiliate | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| FG D | Avg Repair Int. | 272 Affiliate | | | | | | | | | 18.2 | | | 2.5 |
| | (Hours) | Non-272 Affiliates | | | | | | | | | | | | |
| | , , | Non-Affil. Carriers | | | | | | | | | 0.9 | 2.6 | 1.6 | 2.3 |
| Ī | Standard | 272 Affiliate | | | | | | | | | *** | | | *** |
| | Deviation | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | | | 0.5 | 0.4 | 0.8 | 0.5 |
| DS0 | Avg Repair Int. | 272 Affiliate | | | | | | | | | | | | |
| | (Hours) | Non-272 Affiliates | | | | | | | | | | | | |
| | (, | Non-Affil. Carriers | | | | | | | | | 4.8 | 3.7 | 6.5 | 4.0 |
| Ī | Standard | 272 Affiliate | | | | | | | | | | | | |
| | Deviation | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | | | 7.3 | 3.9 | 11.5 | 5.4 |
| DS1 | Avg Repair Int. | 272 Affiliate | | | | | | | | | | | | |
| | (Hours) | Non-272 Affiliates | | | | | | | | | 6.2 | 9.9 | 8.6 | 4.6 |
| | . , | Non-Affil. Carriers | | | | | | | | | 6.4 | 4.9 | 5.4 | 5.6 |
| J | Standard | 272 Affiliate | | | | | | | | | | | | |
| | Deviation | Non-272 Affiliates | | | | | | | | | 8.2 | 7.6 | 5.5 | 2.1 |
| | | Non-Affil. Carriers | | | | | | | | | 6.9 | 3.6 | 4.3 | 6.9 |
| DS3 | Avg Repair Int. | 272 Affiliate | | | | | | | | | | | | |
| | (Hours) | Non-272 Affiliates | | | | | | | | | - | | | |
| Ļ | | Non-Affil. Carriers | | | | | | | | | | 26.9 | | |
| | Standard | 272 Affiliate | | | | | | | | | | | | |
| | Deviation | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | | | | *** | | |
| OCn | Avg Repair Int. | 272 Affiliate | | | | | | | | | - | | | |
| | (Hours) | Non-272 Affiliates | | | | | | | | | | | | |
| Ļ | 0 | Non-Affil. Carriers | | | | | | | | | - | | | |
| | Standard | 272 Affiliate | | | | | | | | | - | | | |
| | Deviation | Non-272 Affiliates | | | | | | | | | - | | | |
| | | Non-Affil. Carriers | | | | | | | | | - | | | |
| Notes | | | | | | | | | | | | | | |

Notes:

1./ Data Not Required for months shaded in grey.

2./ *** = standard deviation not defined

VERIZON NEW HAMPSHIRE 272 AUDIT REPORT - 2002 PIC INTERVALS

| | | SEP | OCT | NOV | DEC |
|----------------|-----------|---------------|---------------|---------------|---------------|
| 272 AFFILIATES | RECORDS | *Proprietary* | *Proprietary* | *Proprietary* | *Proprietary* |
| | INTERVAL | 0:00 | 5:11 | 3:12 | 3:08 |
| | STD. DEV. | 0.0 | 4.4 | 1.2 | 1.9 |
| NON-AFFILIATES | RECORDS | *Proprietary* | *Proprietary* | *Proprietary* | *Proprietary* |
| | INTERVAL | 2:10 | 1:56 | 1:47 | 2:22 |
| | STD. DEV. | 1.9 | 1.7 | 1.7 | 2.0 |

NOTES:

1. This report represents data showing the Average PIC Interval for carrier initiated files sent to Verizon by the long distance carriers. This includes Verizon long distance carriers(272 Affiliates) and the top 6 carriers represented by the term Non-Affiliates. The "PIC Interval" is defined as "the time a PIC change is completed in the switch " minus "the time the request was received by XEA". Each incoming file is time stamped when XEA picks it up for processing. Intervals are measured in Hrs:Mins.

| Service | FOC Results D | Measure | Jan-02 | Feb-02 | Mar-02 | Apr-02 | May-02 | Jun-02 | NJ Jul-02 | Aug-02 | Sep-02 | Oct-02 | Nov-02 | Dec-02 |
|---------|----------------------|--------------------|---------|---------|----------|--------|----------|---------|--------------|--------------|------------|-----------|---------|--------|
| OS0 | 272 Affiliate | Orders | Jaii-UZ | 1 60-02 | IVIAI-UZ | Αμι-υ2 | IVIAY-UZ | Juli-02 | | *proprietary | | *propriet | | Dec-02 |
| DSU | 272 Allillate | FOC Interval | | | | | | | | proprietary | 1.0 | propriet | ai y | |
| | | Standard Deviation | | | | | | | | | 0.0 | | | |
| | Non-272 Affiliates | Orders | | | | | | | | *proprietary | | *propriet | arv* | |
| | Non-272 Amiliates | FOC Interval | | | | | | | | proprietary | | propriet | uiy | |
| | | Standard Deviation | | | | | | | | | | | | |
| | Non-Affil. Carriers | Orders | | | | | | | | *proprietary | r* | *propriet | arv* | |
| | Non-Ami. Camers | FOC Interval | | | | | | | 0.3 | 0.3 | 0.2 | 0.3 | 0.2 | 0.4 |
| | | Standard Deviation | | | | | | | 0.6 | 0.6 | 0.2 | 0.8 | 0.2 | 1.3 |
| DS1 | 272 Affiliate | Orders | | | | | | | | *proprietary | • • • • | *propriet | | 1.0 |
| DOT | Z7Z Allillato | FOC Interval | | | | | | | 0.0 | 3.0 | 0.8 | 0.6 | 0.6 | 1.0 |
| | | Standard Deviation | | | | | | | 0.0 | *** | 0.8 | 0.0 | 0.8 | 1.6 |
| | Non-272 Affiliates | Orders | | | | | | | 0.0 | *proprietary | 0.0 | *propriet | | 1.0 |
| | Non 2727 timates | FOC Interval | | | | | | | 1.6 | 2.9 | 1.7 | 5.4 | 13.5 | 3.0 |
| | | Standard Deviation | | | | | | | 2.5 | 6.0 | 1.3 | 5.6 | 10.0 | 8.1 |
| | Non-Affil. Carriers | Orders | | | | | | | | *proprietary | | *propriet | | |
| | Non 7 till. Garriers | FOC Interval | | | | | | | 0.9 | 0.9 | 0.9 | 1.1 | 1.0 | 1.0 |
| | | Standard Deviation | | | | | | | 1.4 | 1.3 | 1.5 | 1.3 | 1.1 | 1.2 |
| DS3 | 272 Affiliate | Orders | | | | | | | | *proprietary | | *propriet | | |
| | | FOC Interval | | | | | | | 1.4 | 0.0 | 0.3 | 9.1 | 2.0 | 1.0 |
| | | Standard Deviation | | | | | | | 0.5 | 0.0 | 0.6 | 8.5 | 2.8 | 0.0 |
| | Non-272 Affiliates | Orders | | | | | | | | *proprietary | ı* | *propriet | | |
| | | FOC Interval | | | | | | | 4.0 | 14.0 | | | 5.1 | |
| | | Standard Deviation | | | | | | | *** | *** | | | 1.4 | |
| | Non-Affil. Carriers | Orders | | | | | | | | *proprietary | ! * | *propriet | | |
| | | FOC Interval | | | | | | | 1.2 | 0.7 | 1.1 | 0.7 | 0.8 | 0.9 |
| | | Standard Deviation | | | | | | | 1.5 | 1.0 | 1.2 | 1.0 | 1.3 | 1.2 |
| OCn | 272 Affiliate | Orders | | | | | | | | *proprietary | r * | *propriet | ary* | |
| | | FOC Interval | | | | | | | 0.0 | | | 2.0 | 1.0 | 0.0 |
| | | Standard Deviation | | | | | | | *** | | | *** | 1.4 | 0.0 |
| | Non-272 Affiliates | Orders | | | | | | | | *proprietary | ! * | *propriet | ary* | |
| | | FOC Interval | | | | | | | | 11.0 | 0.0 | | | |
| | | Standard Deviation | | | | | | | | *** | *** | | | |
| | Non-Affil. Carriers | Orders | | | | | | | | *proprietary | r * | *propriet | ary* | |
| | | FOC Interval | | | | | | | 3.0 | 0.9 | | 4.3 | 1.0 | 0.3 |
| | | Standard Deviation | | | | | | | 3.3 | 1.9 | | 8.5 | 1.7 | 0.5 |

^{1./} Data Not Required for months shaded in grey.

^{2./ *** =} standard deviation not defined

| Verize | on Access | Services Install | led 2002 | | | | | | NJ | | | | | |
|---------|----------------|--------------------------------------|----------|--------|--------|--------|--------|--------|---------------|---------------|---------------|---------------|---------------|---------------|
| Service | Measure | Customer | Jan-02 | Feb-02 | Mar-02 | Apr-02 | May-02 | Jun-02 | Jul-02 | Aug-02 | Sep-02 | Oct-02 | Nov-02 | Dec-02 |
| FG D | | 272 Affiliate | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| DS0 | | 272 Affiliate | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| DS1 | | 272 Affiliate | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | Order Volumes | Non-Affil. Carriers | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| DS3 | | 272 Affiliate | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| OCn | | 272 Affiliate | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| FG D | Avg Inst. Int. | 272 Affiliate | | | | | | | | | | | | 13.1 |
| | (Days) | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | 31.9 | 13.9 | 15.3 | 11.5 | 12.0 | 60.4 |
| | Standard | 272 Affiliate | | | | | | | | | | | | 2.3 |
| | Deviation | Non-272 Affiliates | | | | | | | | <u></u> . | | | | .=. |
| | | Non-Affil. Carriers | | | | | | | 62.4 | 7.4 | 14.8 | 5.2 | 5.7 | 15.4 |
| DS0 | Avg Inst. Int. | 272 Affiliate | | | | | | | | | | | | |
| | (Days) | Non-272 Affiliates | | | | | | | 45.0 | | | | | |
| 1 | Standard | Non-Affil. Carriers 272 Affiliate | | | | | | | 15.0 | 14.7 | 12.1 | 14.1 | 13.1 | 12.4 |
| | Deviation | Non-272 Affiliates | | | | | | | | | | | | |
| | Deviation | Non-Affil. Carriers | | | | | | | 20.3 | 21.7 | 8.8 | 13.2 | 15.4 | 7.8 |
| DS1 | Avg Inst. Int. | 272 Affiliate | | | | | | | 6.0 | | 10.0 | 16.0 | 10.6 | 7.7 |
| БО. | (Days) | Non-272 Affiliates | | | | | | | 28.8 | 29.9 | 25.8 | 19.5 | 27.2 | 39.6 |
| | (Days) | Non-Affil. Carriers | | | | | | | 17.9 | 19.5 | 16.6 | 15.7 | 11.5 | 15.3 |
| | Standard | 272 Affiliate | | | | | | | *** | | *** | 1.4 | 5.1 | 0.6 |
| | Deviation | Non-272 Affiliates | | | | | | | 16.4 | 20.4 | 17.1 | 10.4 | 12.9 | 13.5 |
| | | Non-Affil. Carriers | | | | | | | 12.6 | 17.3 | 17.8 | 14.5 | 13.1 | 12.0 |
| DS3 | Avg Inst. Int. | 272 Affiliate | | | | | | | 5.0 | | - | 8.0 | - | |
| | (Days) | Non-272 Affiliates | | | | | | | 23.0 | | | | | 24.8 |
| | | Non-Affil. Carriers | | | | | | | 25.6 | 23.1 | 21.3 | 27.5 | 29.3 | 37.9 |
| | Standard | 272 Affiliate | | | | | | | 0.0 | | | *** | | |
| | Deviation | Non-272 Affiliates | | | | | | | 1.8 | | | | | 4.3 |
| | | Non-Affil. Carriers | | | | | | | 12.4 | 11.8 | 15.4 | 15.5 | 20.3 | 36.5 |
| OCn | Avg Inst. Int. | 272 Affiliate | | | | | | | | - | - | - | | - |
| | (Days) | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | 24.5 | 33.5 | 53.0 | 63.0 | 2.0 | |
| | Standard | 272 Affiliate | | | | | | | | | | | | |
| | Deviation | Non-272 Affiliates | | | | | | | | | *** | *** | *** | |
| | | Non-Affil. Carriers | | | | | | | 27.6 | 16.3 | *** | *** | *** | |

| Verizo | n Access | Services Instal | led 2002 | | | | | | NJ | | | | | |
|---------|-------------|---------------------|----------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Service | Measure | Customer | Jan-02 | Feb-02 | Mar-02 | Apr-02 | May-02 | Jun-02 | Jul-02 | Aug-02 | Sep-02 | Oct-02 | Nov-02 | Dec-02 |
| FG D | | 272 Affiliate | | | | | | | | | | | | 100.0 |
| | | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | 100.0 | 98.1 | 100.0 | 100.0 | 98.0 | 100.0 |
| DS0 | | 272 Affiliate | | | | | | | | | | | | |
| | | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | 84.0 | 86.9 | 86.1 | 84.5 | 79.5 | 84.6 |
| DS1 | | 272 Affiliate | | | | | | | 100.0 | | 100.0 | 100.0 | 100.0 | 100.0 |
| | | Non-272 Affiliates | | | | | | | 85.0 | 76.5 | 100.0 | 93.5 | 84.8 | 85.0 |
| | Percent Met | Non-Affil. Carriers | | | | | | | 93.1 | 91.1 | 92.6 | 93.4 | 93.7 | 92.6 |
| DS3 | | 272 Affiliate | | | | | | | 100.0 | | | 100.0 | | |
| | | Non-272 Affiliates | | | | | | | 100.0 | | | | | 100.0 |
| | | Non-Affil. Carriers | | | | | | | 80.8 | 93.0 | 85.2 | 81.6 | 97.5 | 100.0 |
| OCn | | 272 Affiliate | | | | | | | | | | | | |
| | | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | 100.0 | 50.0 | 100.0 | 100.0 | 100.0 | |
| | | • | | | | | | | | | | | | |

Notes:
1./ Data Not Required for months shaded in grey.
2./ Installation Data excludes CNRs.
3./ *** = standard deviation not defined

| Veriz | on Access | Services 2002 | 2 | | | | | | NJ | | | | | |
|---------|-----------------|---------------------|--------|--------|--------|--------|--------|--------|---------------|---------------|---------------|---------------|---------------|---------------|
| Service | | Customer | Jan-02 | Feb-02 | Mar-02 | Apr-02 | May-02 | Jun-02 | Jul-02 | Aug-02 | Sep-02 | Oct-02 | Nov-02 | Dec-02 |
| FG D | | 272 Affiliate | | | | | , | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil, Carriers | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| DS0 | | 272 Affiliate | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| DS1 | | 272 Affiliate | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | Trouble Tickets | Non-Affil. Carriers | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| DS3 | | 272 Affiliate | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| OCn | | 272 Affiliate | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| FG D | Avg Repair Int. | 272 Affiliate | | | | | | | 2.8 | 1.3 | 11.0 | 3.5 | | 1.3 |
| | (Hours) | Non-272 Affiliates | | | | | | | | | | | | |
| | (110010) | Non-Affil, Carriers | | | | | | | 2.5 | 3.5 | 3.4 | 4.7 | 4.9 | 3.5 |
| | Standard | 272 Affiliate | | | | | | | 5.7 | 0.5 | 9.3 | *** | | *** |
| | Deviation | Non-272 Affiliates | | | | | | | | | | | | |
| | Deviation | Non-Affil. Carriers | | | | | | | 3.3 | 4.2 | 3.5 | 5.7 | 7.4 | 3.2 |
| DS0 | Avg Repair Int. | 272 Affiliate | | | | | | | | | | | | |
| DOU | (Hours) | Non-272 Affiliates | | | | | | | | 7.6 | | | | |
| | (Hours) | Non-Affil. Carriers | | | | | | | 3.2 | 4.1 | 3.6 | 4.1 | 3.3 | 3.1 |
| | Standard | 272 Affiliate | | | | | | | | | | | | |
| | Deviation | Non-272 Affiliates | | | | | | | | *** | | | | |
| | Deviation | Non-Affil, Carriers | | | | | | | 3.6 | 5.4 | 4.0 | 6.0 | 4.1 | 4.7 |
| DS1 | Avg Repair Int. | 272 Affiliate | | | | | | | | | - | | | |
| | (Hours) | Non-272 Affiliates | | | | | | | 2.4 | 3.1 | 3.7 | 2.8 | 2.0 | 4.9 |
| | (******) | Non-Affil. Carriers | | | | | | | 3.2 | 3.7 | 3.3 | 3.2 | 2.9 | 3.5 |
| | Standard | 272 Affiliate | | | | | | | | | | | | |
| | Deviation | Non-272 Affiliates | | | | | | | 3.5 | 3.6 | 7.4 | 2.7 | 2.3 | 7.1 |
| | | Non-Affil. Carriers | | | | | | | 4.2 | 4.6 | 3.9 | 4.2 | 3.7 | 5.3 |
| DS3 | Avg Repair Int. | 272 Affiliate | | | | | | | | | | | 2.2 | |
| | (Hours) | Non-272 Affiliates | | | | | | | | | 0.5 | 2.1 | | |
| | , , | Non-Affil. Carriers | | | | | | | 3.3 | 4.5 | 2.4 | 6.5 | 3.5 | 3.4 |
| | Standard | 272 Affiliate | | | | | | | | - | - | | *** | |
| | Deviation | Non-272 Affiliates | | | | | | | | | *** | *** | | |
| | | Non-Affil. Carriers | | | | | | | 3.6 | 4.2 | 1.4 | 6.4 | 2.6 | 4.7 |
| OCn | Avg Repair Int. | 272 Affiliate | | | | | | | | | | | | |
| | (Hours) | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | 1.6 | | 0.2 | 2.4 | | |
| | Standard | 272 Affiliate | | | | | | | | | | | | |
| | Deviation | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | *** | | *** | *** | | |
| | | | | | | | | | | | | | | |

Notes:
1./ Data Not Required for months shaded in grey.
2./ *** = standard deviation not defined

VERIZON NEW JERSEY 272 AUDIT REPORT - 2002 PIC INTERVALS

| | | JUL | AUG | SEP | OCT | NOV | DEC |
|-----------------------|-----------|---------------|---------------|---------------|---------------|---------------|---------------|
| 272 AFFILIATES | RECORDS | *Proprietary* | *Proprietary* | *Proprietary* | *Proprietary* | *Proprietary* | *Proprietary* |
| | INTERVAL | 3:10 | 3:43 | 2:57 | 3:27 | 3:28 | 2:28 |
| | STD. DEV. | 1.4 | 1.6 | 1.9 | 1.9 | 1.8 | 1.9 |
| NON-AFFILIATES | RECORDS | *Proprietary* | *Proprietary* | *Proprietary* | *Proprietary* | *Proprietary* | *Proprietary* |
| | INTERVAL | 2:19 | 2:18 | 1:58 | 1:42 | 1:37 | 1:47 |
| | STD. DEV. | 2.0 | 1.9 | 1.7 | 1.5 | 1.5 | 1.6 |

NOTES:

^{1.} This report represents data showing the Average PIC Interval for carrier initiated files sent to Verizon by the long distance carriers. This includes Verizon long distance carriers(272 Affiliates) and the top 6 carriers represented by the term Non-Affiliates. The "PIC Interval" is defined as "the time a PIC change is completed in the switch " minus "the time the request was received by XEA". Each incoming file is time stamped when XEA picks it up for processing. Intervals are measured in Hrs:Mins.

| Service | n FOC Results Da Customer | Measure | Jan-01 | Feb-01 | Mar-01 | Apr-01 | Mav-01 | Jun-01 | NY Jul-01 | Aug-01 | Sep-01 | Oct-01 | Nov-01 | Dec-01 |
|---------------|---------------------------|--------------------|--------|--------------|--------|--------------|---------|------------|--------------|------------|--------|----------|---|---|
| Service S0 | 272 Affiliate | Orders | | proprietary* | | *proprietary | - , - | *proprieta | | *proprieta | | *proprie | | Dec-01 |
| 750 | 272 Allillate | FOC Interval | 12.5 | 35.0 | 2.8 | 4.1 | 0.7 | 1.3 | 1.1 | 2.0 | 2.0 | 2.3 | 2.8 | 1.0 |
| | | Standard Deviation | 35.1 | *** | 2.4 | 4.9 | 1.0 | 1.9 | 1.6 | 1.8 | *** | 2.3 | 0.5 | 1.7 |
| | Non-272 Affiliates | Orders | | proprietary* | | *proprietary | | *proprieta | | *proprieta | 2rv* | *proprie | | 1.7 |
| | Non-272 Amiliates | FOC Interval | 6.4 | 4.3 | 7.2 | 5.6 | 3.9 | 2.3 | 1.6 | 2.2 | 2.0 | | | |
| | | Standard Deviation | 11.6 | 4.3 | 12.4 | 10.0 | 14.1 | 6.5 | 2.2 | 5.3 | 2.7 | | | |
| | Non-Affil. Carriers | Orders | | proprietary* | | *proprietary | | *proprieta | | *proprieta | | *proprie | etarv* | |
| | Non-Ami. Camers | FOC Interval | 5.2 | 4.6 | 3.6 | 3.5 | 1.6 | 1.4 | 1.4 | 1.5 | 1.2 | 1.5 | 1.6 | 1.8 |
| | | Standard Deviation | 13.6 | 10.7 | 6.9 | 8.9 | 7.7 | 5.3 | 4.7 | 7.3 | 3.0 | 3.4 | 4.6 | 4.5 |
| S1 | 272 Affiliate | Orders | | proprietary* | | *proprietary | | *proprieta | | *proprieta | | *propri | | 7.0 |
| O I | Z1Z Allillato | FOC Interval | 5.4 | 3.0 | 3.0 | 3.0 | 1.3 | 1.3 | 0.7 | 1.0 | 1.0 | 1.0 | 1.0 | |
| | | Standard Deviation | 3.1 | 2.8 | *** | 0.0 | 0.7 | 1.1 | 0.8 | 0.8 | 1.4 | *** | 0.7 | |
| | Non-272 Affiliates | Orders | | proprietary* | | *proprietary | • • • • | *proprieta | *** | *proprieta | | *propri | • | |
| | Tron 2727 mindles | FOC Interval | 17.4 | 18.3 | 17.6 | 14.4 | 19.4 | 19.5 | 19.4 | 13.3 | 16.1 | 66.0 | 40.9 | 43.4 |
| | | Standard Deviation | 32.2 | 35.1 | 40.4 | 32.5 | 36.3 | 34.0 | 38.6 | 29.0 | 34.8 | 67.3 | 59.1 | 67.4 |
| | Non-Affil. Carriers | Orders | | proprietary* | | *proprietary | | *proprieta | | *proprieta | | *proprie | | • |
| | | FOC Interval | 11.9 | 9.1 | 10.0 | 9.1 | 8.0 | 6.8 | 6.3 | 5.1 | 5.4 | 5.8 | 6.8 | 7.2 |
| | | Standard Deviation | 23.2 | 19.6 | 19.5 | 17.7 | 20.1 | 19.5 | 17.8 | 16.6 | 15.9 | 20.0 | 19.8 | 19.0 |
| S3 | 272 Affiliate | Orders | , | proprietary* | | *proprietary | * | *proprieta | rv* | *proprieta | arv* | *propri | etarv* | |
| | | FOC Interval | 3.0 | 3.0 | 70.0 | 34.5 | 40.0 | 108.4 | | 13.0 | 0.0 | 7.3 | 11.8 | 2.0 |
| | | Standard Deviation | *** | 1.0 | 114.3 | 24.7 | 43.4 | 72.5 | | *** | 0.0 | 11.8 | 21.4 | 2.8 |
| | Non-272 Affiliates | Orders | , | proprietary* | | *proprietary | * | *proprieta | ry* | *proprieta | ary* | *propri | etary* | |
| | | FOC Interval | 31.0 | 40.6 | 31.1 | 21.1 | 13.5 | 29.3 | 2.6 | 2.5 | 2.0 | 32.5 | 29.4 | 10.6 |
| | | Standard Deviation | 58.9 | 62.9 | 57.7 | 31.8 | 35.5 | 56.3 | 3.0 | 3.3 | 3.4 | 14.8 | 23.3 | 14.4 |
| | Non-Affil. Carriers | Orders | , | proprietary* | | *proprietary | * | *proprieta | ry* | *proprieta | ary* | *propri | etary* | |
| | | FOC Interval | 26.2 | 12.6 | 13.7 | 25.6 | 14.0 | 11.1 | 22.2 | 10.4 | 4.6 | 7.5 | 8.2 | 9.3 |
| | | Standard Deviation | 44.4 | 24.8 | 26.2 | 43.5 | 26.4 | 24.9 | 53.6 | 29.4 | 11.8 | 27.0 | 20.5 | 22.2 |
|)Cn | 272 Affiliate | Orders | , | proprietary* | | *proprietary | * | *proprieta | ry* | *proprieta | ary* | *propri | etary* | |
| | | FOC Interval | | | | | 17.0 | 3.0 | 252.0 | 1.0 | 0.0 | 4.3 | 2.0 | |
| | | Standard Deviation | | | | | 20.8 | *** | *** | *** | *** | 10.1 | *** | |
| | Non-272 Affiliates | Orders | , | proprietary* | | *proprietary | * | *proprieta | ry* | *proprieta | ary* | *propri | etary* | |
| | | FOC Interval | 14.6 | 40.8 | 50.8 | 14.0 | 39.6 | 9.9 | 1.1 | 1.4 | 0.5 | | | |
| | | Standard Deviation | 14.1 | 40.4 | 27.3 | 18.4 | 36.8 | 15.8 | 1.5 | 3.6 | 0.5 | | | |
| | Non-Affil. Carriers | Orders | 1 | proprietary* | | *proprietary | * | *proprieta | ry* | *proprieta | ary* | *propri | etary* | |
| | | FOC Interval | 41.0 | 88.8 | 29.9 | 59.0 | 15.0 | 24.1 | 10.2 | 5.7 | 11.3 | 2.0 | 8.4 | 5.6 |
| | ĺ | Standard Deviation | 73.5 | 89.4 | 34.8 | 69.8 | 13.0 | 22.5 | 6.3 | 8.7 | 3.1 | 2.2 | 9.0 | 5.2 |

^{1./} Data Not Required for months shaded in grey.

^{2./ *** =} standard deviation not defined

| /erizor | n FOC Results Da | ata 2002 | | | | | | | NY | | | | | |
|---------|---------------------|--------------------|--------|---------------|--------|---------------|--------|--------------|--------|------------|--------|---------|--------|--------|
| Service | Customer | Measure | Jan-02 | Feb-02 | Mar-02 | Apr-02 | May-02 | Jun-02 | Jul-02 | Aug-02 | Sep-02 | Oct-02 | Nov-02 | Dec-02 |
| S0 | 272 Affiliate | Orders | | *proprietary* | | *proprietary* | • | *proprietary | * | *proprieta | ary* | *propri | etary* | |
| | | FOC Interval | 1.3 | 2.5 | | 1.0 | 2.0 | | | 1.3 | 2.0 | 0.5 | 1.0 | 2.0 |
| | | Standard Deviation | 1.5 | 0.7 | | *** | 1.4 | | | 1.2 | 0.0 | 0.7 | *** | *** |
| | Non-272 Affiliates | Orders | | *proprietary* | | *proprietary* | , | *proprietary | * | *proprieta | ary* | *propri | etary* | |
| | | FOC Interval | | | | | | | | | | | | |
| | | Standard Deviation | | | | | | | | | | | | |
| | Non-Affil. Carriers | Orders | | *proprietary* | | *proprietary* | • | *proprietary | * | *proprieta | ary* | *propri | etary* | |
| | | FOC Interval | 0.7 | 1.2 | 1.1 | 1.9 | 1.5 | 1.3 | 1.5 | 1.4 | 1.3 | 1.2 | 1.1 | 1.3 |
| | | Standard Deviation | 1.3 | 3.2 | 1.6 | 3.8 | 2.2 | 2.0 | 2.6 | 1.8 | 2.0 | 1.2 | 1.4 | 1.8 |
| S1 | 272 Affiliate | Orders | | *proprietary* | | *proprietary* | , | *proprietary | * | *proprieta | ary* | *propri | etary* | |
| | | FOC Interval | 0.0 | 3.0 | 1.0 | 4.2 | 1.3 | 0.9 | 0.7 | 0.9 | 2.0 | 0.8 | 1.2 | 2.5 |
| | | Standard Deviation | 0.0 | 3.6 | 1.4 | 6.6 | 1.7 | 0.8 | 1.2 | 1.2 | 3.7 | 1.3 | 2.6 | 4.9 |
| | Non-272 Affiliates | Orders | | *proprietary* | | *proprietary* | , | *proprietary | * | *proprieta | ary* | *propri | etary* | |
| | | FOC Interval | 2.1 | 4.6 | 4.9 | 6.9 | 4.2 | 4.2 | 5.6 | 4.5 | 4.8 | 7.6 | 3.4 | 3.7 |
| | | Standard Deviation | 2.0 | 5.5 | 8.0 | 8.2 | 5.9 | 5.6 | 5.4 | 5.5 | 5.3 | 7.4 | 3.8 | 6.2 |
| | Non-Affil. Carriers | Orders | | *proprietary* | | *proprietary* | | *proprietary | * | *proprieta | ary* | *propri | etary* | |
| | | FOC Interval | 1.9 | 3.0 | 3.1 | 3.5 | 3.3 | 3.4 | 3.6 | 4.7 | 3.3 | 3.2 | 3.2 | 3.4 |
| | | Standard Deviation | 2.1 | 4.0 | 5.0 | 5.6 | 5.1 | 5.9 | 6.7 | 10.6 | 6.5 | 6.5 | 5.3 | 5.6 |
| S3 | 272 Affiliate | Orders | | *proprietary* | | *proprietary* | • | *proprietary | * | *proprieta | ary* | *propri | etary* | |
| | | FOC Interval | | - | | | | 7.0 | 1.0 | 0.5 | 7.5 | 8.0 | 6.0 | 4.3 |
| | | Standard Deviation | | | | | | 8.5 | 1.7 | 0.7 | 9.2 | 6.1 | 7.1 | 4.5 |
| | Non-272 Affiliates | Orders | | *proprietary* | | *proprietary* | | *proprietary | * | *proprieta | ary* | *propri | etary* | |
| | | FOC Interval | | | | 4.8 | 5.5 | 17.0 | 0.0 | 0.0 | | · · | | |
| | | Standard Deviation | | | | 5.9 | 6.4 | *** | *** | *** | | | | |
| | Non-Affil. Carriers | Orders | | *proprietary* | | *proprietary* | | *proprietary | * | *proprieta | ary* | *propri | etary* | |
| | | FOC Interval | 1.5 | 3.5 | 4.3 | 4.7 | 4.5 | 5.8 | 4.4 | 3.3 | 5.1 | 3.8 | 3.2 | 3.7 |
| | | Standard Deviation | 2.2 | 5.5 | 5.5 | 5.8 | 6.8 | 6.7 | 5.8 | 5.0 | 7.8 | 6.5 | 5.2 | 5.7 |
|)Cn | 272 Affiliate | Orders | | *proprietary* | | *proprietary* | | *proprietary | * | *proprieta | ary* | *propri | etary* | |
| | | FOC Interval | 1.0 | 3.0 | | | | | | | | 1.5 | 8.2 | 7.5 |
| | | Standard Deviation | *** | *** | | | | | | | | 2.1 | 8.5 | 9.2 |
| | Non-272 Affiliates | Orders | | *proprietary* | | *proprietary* | | *proprietary | * | *proprieta | ary* | *propri | etary* | |
| | | FOC Interval | | | | | | | | - | | | | |
| | | Standard Deviation | | | | | | | | | | | | |
| | Non-Affil. Carriers | Orders | t | *proprietary* | | *proprietary* | , | *proprietary | * | *proprieta | ary* | *propri | etary* | |
| | | FOC Interval | 0.1 | 9.4 | 4.9 | 2.4 | 3.4 | 1.5 | 6.0 | 2.3 | 0.9 | 2.0 | 5.5 | 0.5 |
| | | Standard Deviation | 0.3 | 8.0 | 7.5 | 5.2 | 5.9 | 2.7 | 11.1 | 3.6 | 2.6 | 2.5 | 3.2 | 0.7 |

^{1./} Data Not Required for months shaded in grey.

^{2./ *** =} standard deviation not defined

| Verizo | on Access | Services Instal | led 2001 | | | | | | NY (INCL CT |) | | | | |
|---------|----------------|---------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Service | Measure | Customer | Jan-01 | Feb-01 | Mar-01 | Apr-01 | May-01 | Jun-01 | Jul-01 | Aug-01 | Sep-01 | Oct-01 | Nov-01 | Dec-01 |
| DS0 | | 272 Affiliate | *proprietary* |
| | | Non-272 Affiliates | *proprietary* |
| | | Non-Affil. Carriers | *proprietary* |
| DS1 | | 272 Affiliate | *proprietary* |
| | | Non-272 Affiliates | *proprietary* |
| | | Non-Affil. Carriers | *proprietary* |
| DS3 | | 272 Affiliate | *proprietary* |
| | Order Volumes | Non-272 Affiliates | *proprietary* |
| | | Non-Affil. Carriers | *proprietary* |
| OCn | | 272 Affiliate | *proprietary* |
| | | Non-272 Affiliates | *proprietary* |
| | | Non-Affil. Carriers | *proprietary* |
| DS0 | Avg Inst. Int. | 272 Affiliate | 10.6 | 9.5 | 32.8 | 12.0 | 7.0 | 17.0 | | 12.2 | | 13.0 | 27.0 | 13.0 |
| | (Days) | Non-272 Affiliates | 27.4 | 25.1 | 24.3 | 16.7 | 21.2 | 22.2 | 18.0 | 17.4 | 20.2 | | | |
| | | Non-Affil. Carriers | 26.2 | 23.4 | 21.3 | 21.7 | 20.7 | 21.0 | 20.0 | 19.4 | 19.3 | 16.3 | 18.3 | 18.6 |
| ĺ | Standard | 272 Affiliate | 3.0 | 0.7 | 12.5 | 5.3 | 6.4 | *** | | 3.9 | | *** | *** | 9.9 |
| | Deviation | Non-272 Affiliates | 25.6 | 32.2 | 32.5 | 16.6 | 26.5 | 29.3 | 15.4 | 14.2 | 20.9 | - | | |
| | | Non-Affil. Carriers | 21.9 | 23.2 | 21.0 | 21.3 | 19.1 | 16.9 | 18.1 | 14.8 | 50.5 | 16.4 | 19.8 | 17.1 |
| DS1 | Avg Inst. Int. | 272 Affiliate | 16.0 | 30.5 | 24.0 | 19.0 | 36.3 | 17.0 | 20.0 | 20.0 | 8.3 | 8.0 | 17.0 | 9.5 |
| | (Days) | Non-272 Affiliates | 39.9 | 38.9 | 37.8 | 31.4 | 35.7 | 40.2 | 45.5 | 38.4 | 23.1 | 89.9 | 78.8 | 93.4 |
| | | Non-Affil. Carriers | 36.4 | 33.0 | 27.5 | 25.8 | 25.6 | 26.7 | 27.5 | 25.9 | 24.2 | 26.9 | 30.9 | 31.8 |
| | Standard | 272 Affiliate | 6.4 | 15.3 | 6.2 | *** | 1.0 | 3.9 | 7.0 | *** | 17.9 | *** | 6.9 | 0.7 |
| | Deviation | Non-272 Affiliates | 34.9 | 32.6 | 32.5 | 26.5 | 34.3 | 45.4 | 53.7 | 40.7 | 29.6 | 38.1 | 77.0 | 73.8 |
| | | Non-Affil. Carriers | 34.6 | 33.8 | 27.7 | 27.2 | 24.4 | 24.1 | 28.6 | 23.8 | 28.1 | 29.1 | 28.8 | 33.4 |
| DS3 | Avg Inst. Int. | 272 Affiliate | - | | | | - | 78.0 | 101.0 | | 3.3 | 17.0 | | - |
| | (Days) | Non-272 Affiliates | 41.3 | 118.8 | 41.4 | 79.2 | 67.4 | 123.0 | 79.3 | 63.8 | 46.2 | 16.0 | | |
| | | Non-Affil. Carriers | 78.2 | 56.4 | 93.1 | 70.9 | 94.4 | 69.2 | 67.8 | 70.0 | 51.6 | 57.8 | 49.4 | 46.5 |
| ĺ | Standard | 272 Affiliate | - | | - | - | - | *** | *** | - | 3.1 | 0.0 | - | - |
| | Deviation | Non-272 Affiliates | 28.4 | 97.2 | 43.7 | 57.5 | 63.6 | 75.7 | 69.8 | 39.7 | 46.6 | *** | | |
| | | Non-Affil. Carriers | 47.0 | 55.6 | 65.1 | 50.4 | 70.3 | 45.6 | 52.4 | 81.2 | 63.0 | 61.9 | 42.7 | 36.1 |
| OCn | Avg Inst. Int. | 272 Affiliate | - | | - | - | - | - | - | - | 18.0 | - | - | - |
| | (Days) | Non-272 Affiliates | 58.0 | 6.0 | 59.8 | 112.0 | 75.0 | 39.6 | 29.1 | 31.0 | 36.3 | - | | - |
| | | Non-Affil. Carriers | 23.0 | | 118.0 | 124.8 | - | 8.0 | | 3.0 | 27.7 | 54.3 | | 50.6 |
| l i | Standard | 272 Affiliate | - | | | - | - | | - | - | *** | | - | - |
| | Deviation | Non-272 Affiliates | 12.7 | 0.0 | 27.8 | *** | 66.6 | 52.9 | 24.1 | 16.4 | 30.0 | | | |
| | | Non-Affil. Carriers | *** | | *** | 80.4 | - | *** | | 0.0 | 1.0 | 46.0 | | 15.9 |

| Verizo | n Access | Services Install | ed 2001 | | | | | | NY (INCL CT |) | | | | |
|---------|-------------|---------------------|---------|--------|--------|--------|--------|--------|-------------|--------|--------|--------|--------|--------|
| Service | Measure | Customer | Jan-01 | Feb-01 | Mar-01 | Apr-01 | May-01 | Jun-01 | Jul-01 | Aug-01 | Sep-01 | Oct-01 | Nov-01 | Dec-01 |
| DS0 | | 272 Affiliate | 80.0% | 50.0% | 50.0% | 100.0% | 100.0% | 100.0% | - | 66.7% | | 100.0% | 100.0% | 100.0% |
| | | Non-272 Affiliates | 71.3% | 74.3% | 73.5% | 84.9% | 81.0% | 79.8% | 74.0% | 78.4% | 79.5% | - | | |
| | | Non-Affil. Carriers | 68.0% | 77.1% | 75.1% | 81.0% | 74.1% | 73.7% | 81.1% | 76.7% | 83.6% | 82.1% | 81.3% | 76.7% |
| DS1 | | 272 Affiliate | 83.3% | 75.0% | 0.0% | 0.0% | 100.0% | 60.0% | 66.7% | 100.0% | 86.7% | 100.0% | 33.3% | 50.0% |
| | | Non-272 Affiliates | 57.1% | 66.3% | 64.8% | 77.4% | 71.4% | 71.2% | 79.5% | 77.0% | 36.4% | 58.3% | 81.3% | 79.2% |
| | | Non-Affil. Carriers | 56.3% | 64.0% | 68.3% | 74.5% | 73.6% | 70.9% | 74.1% | 76.0% | 75.2% | 78.3% | 73.5% | 74.1% |
| DS3 | | 272 Affiliate | - | - | | - | - | 100.0% | 0.0% | - | 100.0% | 100.0% | - | - |
| | Percent Met | Non-272 Affiliates | 0.0% | 16.7% | 60.0% | 72.7% | 42.9% | 40.0% | 66.7% | 45.5% | 50.0% | 0.0% | | |
| | | Non-Affil. Carriers | 32.7% | 58.4% | 28.3% | 35.4% | 31.8% | 22.4% | 41.9% | 45.2% | 54.8% | 41.6% | 53.5% | 54.3% |
| OCn | | 272 Affiliate | - | | | - | - | | - | - | 0.0% | | - | |
| | | Non-272 Affiliates | 100.0% | 100.0% | 25.0% | 0.0% | 57.1% | 57.1% | 81.3% | 66.7% | 25.0% | - | | |
| | | Non-Affil. Carriers | 0.0% | | 0.0% | 20.0% | - | 0.0% | | 100.0% | 0.0% | 33.3% | | 60.0% |
| | | • | | | | | | | | | | | | |

Notes:

1./ Data Not Required for months shaded in grey.

2./ Installation Data excludes CNRs.

3./ FG D Data Not Required for 2001.

4./ *** = standard deviation not defined

| Verizo | on Access | Services Install | led 2002 | | | | | | NY (INCL CT |) | | | | |
|---------|----------------|--------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Service | Measure | Customer | Jan-02 | Feb-02 | Mar-02 | Apr-02 | May-02 | Jun-02 | Jul-02 | Aug-02 | Sep-02 | Oct-02 | Nov-02 | Dec-02 |
| FG D | | 272 Affiliate | *proprietary* |
| | | Non-272 Affiliates | *proprietary* |
| | | Non-Affil. Carriers | *proprietary* |
| DS0 | | 272 Affiliate | *proprietary* |
| | | Non-272 Affiliates | *proprietary* |
| | | Non-Affil. Carriers | *proprietary* |
| DS1 | | 272 Affiliate | *proprietary* |
| | | Non-272 Affiliates | *proprietary* |
| | Order Volumes | Non-Affil. Carriers | *proprietary* |
| DS3 | | 272 Affiliate | *proprietary* |
| | | Non-272 Affiliates | *proprietary* |
| | | Non-Affil. Carriers | *proprietary* |
| OCn | | 272 Affiliate | *proprietary* |
| | | Non-272 Affiliates | *proprietary* |
| | | Non-Affil. Carriers | *proprietary* |
| FG D | Avg Inst. Int. | 272 Affiliate | 54.9 | 81.8 | 50.8 | 45.3 | 25.1 | 35.0 | 26.3 | 28.4 | 36.0 | - | 17.0 | - |
| | (Days) | Non-272 Affiliates | | | | | | | | | | | | |
| | , , , | Non-Affil. Carriers | 31.7 | 28.9 | 24.0 | 28.5 | 28.2 | 39.7 | 34.8 | 31.6 | 30.4 | 22.7 | 31.0 | 23.2 |
| | Standard | 272 Affiliate | 17.9 | 22.4 | 42.2 | 43.2 | 13.9 | 0.0 | 1.8 | 4.2 | 7.2 | | 12.4 | |
| | Deviation | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | 30.8 | 37.7 | 14.7 | 21.7 | 19.1 | 50.1 | 23.9 | 22.5 | 20.9 | 17.3 | 35.6 | 16.2 |
| DS0 | Avg Inst. Int. | 272 Affiliate | 34.0 | | 15.5 | | 11.0 | | | 11.3 | | 19.0 | 9.5 | |
| | (Days) | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | 20.7 | 17.0 | 16.9 | 17.2 | 15.4 | 14.9 | 14.0 | 20.5 | 18.9 | 15.9 | 14.8 | 16.2 |
| | Standard | 272 Affiliate | 8.7 | | 4.9 | | 5.7 | | | 4.6 | | *** | 0.7 | |
| | Deviation | Non-272 Affiliates | | | | | | | | | | | | |
| 201 | | Non-Affil. Carriers | 17.6 | 20.2 | 16.0 | 13.0 | 12.8 | 11.2 | 9.5 | 73.1 | 14.9 | 13.5 | 11.8 | 19.7 |
| DS1 | Avg Inst. Int. | 272 Affiliate | 2.0 | 8.0 | 7.3 | 22.0 | | 21.0 | 16.0 | 11.5 | 18.8 | 13.0 | 12.6 | 20.2 |
| | (Days) | Non-272 Affiliates | 120.4 | 88.9 | 63.1 | 65.4 | 82.8 | 54.7 | 86.6 | 49.6 | 45.7 | 33.0 | 45.4 | 44.7 |
| - | Ctandand | Non-Affil. Carriers | 27.9 | 25.6 | 28.9 | 26.6 | 25.3 | 27.4 | 27.0 | 25.1 | 25.4 | 25.3 | 27.9 | 26.0 |
| | Standard | 272 Affiliate | | | 6.0 57.2 | | | 13.7 | 26.5 | 2.5 | 5.9 | 1.5 | 5.7 | 11.6 |
| | Deviation | Non-272 Affiliates | 120.4 | 74.3 | | 54.6 | 80.9 | 42.3 | 75.1 | 61.5 | 51.2 | 35.5 | 51.2 | 32.4 |
| DS3 | Avg Inst. Int. | Non-Affil. Carriers 272 Affiliate | 25.7 32.5 | 26.0 | 34.7 | 28.6 | 27.6 | 30.7 15.0 | 28.9 18.5 | 24.6 14.5 | 23.5 | 22.6 13.0 | 31.8 | 25.7 |
| 000 | (Days) | Non-272 Affiliates | 32.5 | 124.0 | | 19.0 | 30.6 | 15.0 | 10.5 | 79.0 | | 106.0 | 129.0 | |
| | (Days) | Non-Affil. Carriers | 60.9 | 47.7 | 54.7 | 43.7 | 41.9 | 36.2 | 34.1 | 47.7 | 42.1 | 40.1 | 39.8 | 37.0 |
| | Standard | 272 Affiliate | 2.1 | | J4.7 | 45.7 | 41.5 | *** | 6.4 | 0.6 | 42.1 | 11.8 | 39.0 | |
| | Deviation | Non-272 Affiliates | 2.1 | *** | | 0.0 | 2.4 | | | *** | | *** | *** | |
| | Deviation | Non-Affil. Carriers | 40.4 | 43.8 | 67.8 | 32.9 | 27.7 | 24.8 | 23.2 | 36.5 | 30.2 | 22.2 | 30.4 | 29.3 |
| OCn | Avg Inst. Int. | 272 Affiliate | | | | | | | | | | | | |
| - 0 | (Days) | Non-272 Affiliates | | | | | | | | | | | | |
| | (Days) | Non-Affil. Carriers | 31.0 | 25.5 | 4.0 | 24.5 | 53.5 | 22.0 | 12.0 | 23.0 | 35.5 | 14.5 | 34.3 | 16.0 |
| | Standard | 272 Affiliate | | | | | | | | | | | | |
| | Deviation | Non-272 Affiliates | | | | | | | | | | | | |
| | 501144011 | Non-Affil, Carriers | 15.7 | 0.7 | *** | 32.4 | 26.2 | *** | *** | *** | 18.3 | 20.0 | 39.8 | 4.2 |
| | | c / tim. Ourriers | 10.7 | 0.1 | | UL.T | 20.2 | | | | 10.0 | 20.0 | 00.0 | 7.4 |

| Verizo | n Access | Services Install | ed 2002 | | | | | | NY (INCL CT |) | | | | |
|---------|-------------|---------------------|---------|--------|--------|--------|--------|--------|-------------|--------|--------|--------|--------|--------|
| Service | Measure | Customer | Jan-02 | Feb-02 | Mar-02 | Apr-02 | May-02 | Jun-02 | Jul-02 | Aug-02 | Sep-02 | Oct-02 | Nov-02 | Dec-02 |
| FG D | | 272 Affiliate | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 97.3 | 100.0 | | 100.0 | |
| | | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | 97.9 | 98.8 | 95.0 | 100.0 | 97.2 | 97.1 | 98.8 | 99.1 | 98.7 | 100.0 | 98.6 | 100.0 |
| DS0 | | 272 Affiliate | 100.0 | | 100.0 | | 100.0 | | | 100.0 | - | 100.0 | 100.0 | |
| | | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | 70.8 | 76.9 | 79.4 | 82.7 | 82.0 | 82.8 | 83.2 | 80.3 | 83.8 | 81.3 | 82.9 | 87.4 |
| DS1 | | 272 Affiliate | 100.0 | 100.0 | 66.7 | 100.0 | | 100.0 | 100.0 | 75.0 | 81.8 | 100.0 | 80.0 | 40.0 |
| | | Non-272 Affiliates | 67.2 | 90.1 | 84.5 | 92.6 | 95.4 | 95.8 | 90.7 | 100.0 | 96.3 | 94.6 | 95.0 | 94.5 |
| | Percent Met | Non-Affil. Carriers | 78.8 | 82.7 | 83.4 | 88.7 | 89.0 | 87.5 | 86.7 | 87.3 | 88.0 | 87.6 | 84.8 | 83.1 |
| DS3 | | 272 Affiliate | 0.0 | | | | | 100.0 | 100.0 | 100.0 | | 100.0 | | |
| | | Non-272 Affiliates | | 100.0 | | 100.0 | 33.3 | | | 100.0 | | 100.0 | 100.0 | |
| | | Non-Affil. Carriers | 36.0 | 65.5 | 64.7 | 74.4 | 57.9 | 79.7 | 79.3 | 70.9 | 80.0 | 76.7 | 76.9 | 76.9 |
| OCn | | 272 Affiliate | | | | | | | | | - | - | | |
| | | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | 25.0 | 100.0 | 100.0 | 100.0 | 50.0 | 0.0 | 100.0 | 100.0 | 75.0 | 100.0 | 100.0 | 100.0 |
| | | • | | | | | | | | | | | | |

Notes:
1./ Data Not Required for months shaded in grey.
2./ Installation Data excludes CNRs.
3./ FG D Data Not Required for 2001.
4./ *** = standard deviation not defined

| DS1 DS3 | uble Tickets | Customer 272 Affiliate Non-272 Affiliates Non-Affil. Carriers 272 Affiliate Non-272 Affiliates Non-Affil. Carriers 272 Affiliate Non-272 Affiliates Non-Affil. Carriers 272 Affiliate Non-Affil. Carriers 272 Affiliate Non-Affil. Carriers 272 Affiliate Non-272 Affiliates | Jan-01 *proprietary* | Feb-01 *proprietary* | Mar-01 *proprietary* *proprietary* *proprietary* *proprietary* *proprietary* *proprietary* *proprietary* *proprietary* *proprietary* | Apr-01 *proprietary* *proprietary* *proprietary* *proprietary* *proprietary* *proprietary* *proprietary* | May-01 *proprietary* *proprietary* *proprietary* *proprietary* *proprietary* *proprietary* | Jun-01 *proprietary* *proprietary* *proprietary* *proprietary* *proprietary* *proprietary* | Jul-01 *proprietary* *proprietary* *proprietary* *proprietary* *proprietary* | Aug-01 *proprietary* *proprietary* *proprietary* *proprietary* *proprietary* | Sep-01 *proprietary* *proprietary* *proprietary* *proprietary* *proprietary* | Oct-01 *proprietary* *proprietary* *proprietary* *proprietary* *proprietary* | Nov-01 *proprietary* *proprietary* *proprietary* *proprietary* *proprietary* | Dec-01 *proprietary* *proprietary* *proprietary* *proprietary* |
|---------------|--------------|--|--|--|--|--|--|--|--|--|--|--|--|--|
| DS1 DS3 Troub | uble Tickets | Non-272 Affiliates Non-Affil. Carriers 272 Affiliate Non-272 Affiliates Non-Affil. Carriers 272 Affiliate Non-272 Affiliates Non-Affil. Carriers 272 Affiliate Non-272 Affiliates | *proprietary* | *proprietary* *proprietary* *proprietary* *proprietary* *proprietary* *proprietary* *proprietary* *proprietary* *proprietary* | *proprietary* *proprietary* *proprietary* *proprietary* *proprietary* *proprietary* *proprietary* | *proprietary* *proprietary* *proprietary* *proprietary* *proprietary* *proprietary* | *proprietary* *proprietary* *proprietary* *proprietary* *proprietary* | *proprietary* *proprietary* *proprietary* *proprietary* | *proprietary* *proprietary* *proprietary* |
| DS3 Troub | uble Tickets | Non-Affil. Carriers 272 Affiliate Non-272 Affiliates Non-Affil. Carriers 272 Affiliate Non-272 Affiliates Non-Affil. Carriers 272 Affiliate Non-272 Affiliates | *proprietary* *proprietary* *proprietary* *proprietary* *proprietary* *proprietary* *proprietary* *proprietary* *proprietary* | *proprietary* *proprietary* *proprietary* *proprietary* *proprietary* *proprietary* *proprietary* *proprietary* | *proprietary* *proprietary* *proprietary* *proprietary* *proprietary* *proprietary* | *proprietary* *proprietary* *proprietary* *proprietary* *proprietary* | *proprietary* *proprietary* *proprietary* *proprietary* | *proprietary* *proprietary* *proprietary* | *proprietary* *proprietary* | *proprietary* *proprietary* | *proprietary* *proprietary* | *proprietary* *proprietary* | *proprietary* *proprietary* | *proprietary* *proprietary* |
| DS3 Troub | uble Tickets | 272 Affiliate Non-272 Affiliates Non-Affil. Carriers 272 Affiliate Non-272 Affiliates Non-Affil. Carriers 272 Affiliate Non-272 Affiliate | *proprietary* *proprietary* *proprietary* *proprietary* *proprietary* *proprietary* *proprietary* *proprietary* | *proprietary* *proprietary* *proprietary* *proprietary* *proprietary* *proprietary* | *proprietary* *proprietary* *proprietary* *proprietary* *proprietary* | *proprietary* *proprietary* *proprietary* *proprietary* | *proprietary* *proprietary* *proprietary* | *proprietary* *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| DS3 Troub | uble Tickets | Non-272 Affiliates Non-Affil. Carriers 272 Affiliate Non-272 Affiliates Non-Affil. Carriers 272 Affiliate Non-272 Affiliates | *proprietary* *proprietary* *proprietary* *proprietary* *proprietary* *proprietary* | *proprietary* *proprietary* *proprietary* *proprietary* *proprietary* | *proprietary* *proprietary* *proprietary* *proprietary* | *proprietary* *proprietary* *proprietary* | *proprietary* *proprietary* | *proprietary* | | | | | | |
| Troub | uble Tickets | Non-Affil. Carriers 272 Affiliate Non-272 Affiliates Non-Affil. Carriers 272 Affiliate Non-272 Affiliates | *proprietary* *proprietary* *proprietary* *proprietary* *proprietary* | *proprietary* *proprietary* *proprietary* *proprietary* | *proprietary* *proprietary* *proprietary* | *proprietary* *proprietary* | *proprietary* | | *proprietary* | *proprietary* | *proprietary* | *nronrietary* | *nronrietary* | * |
| Troub | uble Tickets | 272 Affiliate Non-272 Affiliates Non-Affil. Carriers 272 Affiliate Non-272 Affiliates | *proprietary* *proprietary* *proprietary* *proprietary* | *proprietary* *proprietary* *proprietary* | *proprietary* *proprietary* | *proprietary* | | *nronriotary* | | | | proprietary | proprietary | *proprietary* |
| Troub | uble Tickets | Non-272 Affiliates Non-Affil. Carriers 272 Affiliate Non-272 Affiliates | *proprietary* *proprietary* *proprietary* | *proprietary* *proprietary* | *proprietary* | | | proprietary | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | - | Non-Affil. Carriers 272 Affiliate Non-272 Affiliates | *proprietary* *proprietary* | *proprietary* | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
|)Cn | | 272 Affiliate Non-272 Affiliates | *proprietary* | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| OCn | | Non-272 Affiliates | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| DS0 Avg R | Repair Int. | 272 Affiliate | 4.0 | | | | 4.0 | 0.1 | 4.6 | 2.0 | 13.9 | 1.3 | 10.1 | 5.9 |
| (H | | Non-272 Affiliates | 7.8 | 7.3 | 5.9 | 7.1 | 5.4 | 16.2 | 7.5 | 5.0 | 3.5 | | | |
| | | Non-Affil. Carriers | 5.6 | 6.1 | 5.1 | 5.5 | 5.0 | 12.5 | 5.3 | 5.5 | 6.4 | 20.3 | 18.8 | 15.8 |
| Sta | Standard | 272 Affiliate | 2.7 | | | | 7.7 | *** | 4.0 | 3.0 | 4.7 | 2.6 | 16.0 | 8.0 |
| De | | Non-272 Affiliates | 9.9 | 8.4 | 9.0 | 8.2 | 7.5 | 29.6 | 15.5 | 10.5 | 5.6 | | | |
| | | Non-Affil. Carriers | 7.6 | 10.0 | 6.3 | 6.8 | 6.7 | 24.5 | 9.1 | 7.7 | 15.5 | 84.3 | 63.9 | 67.4 |
| | | 272 Affiliate | 1.1 | | 3.6 | 3.9 | 0.0 | 1.0 | 15.6 | 4.3 | 2.4 | 2.1 | 7.2 | 9.4 |
| (H | | Non-272 Affiliates | 3.3 | 3.8 | 3.8 | 3.6 | 4.2 | 4.4 | 4.5 | 4.7 | 7.6 | 6.0 | 8.0 | 17.9 |
| | | Non-Affil. Carriers | 3.9 | 5.2 | 5.2 | 4.7 | 4.7 | 5.2 | 5.7 | 6.9 | 4.2 | 61.6 | 8.1 | 14.4 |
| | | 272 Affiliate | 0.4 | | 4.3 | 1.7 | *** | 1.4 | 23.0 | 3.1 | 3.2 | 2.7 | 11.3 | 8.7 |
| De | | Non-272 Affiliates | 5.3 | 6.1 | 6.8 | 5.8 | 6.8 | 6.4 | 7.1 | 9.4 | 20.1 | 14.4 | 39.9 | 40.2 |
| | | Non-Affil. Carriers | 5.1 | 9.0 | 7.3 | 7.5 | 6.6 | 7.9 | 8.5 | 10.6 | 7.7 | 164.9 | 26.3 | 90.4 |
| | | 272 Affiliate | | | | | 0.8 | | | 1.4 | | 8.0 | 13.5 | |
| (H | | Non-272 Affiliates | 3.5 | 3.4 | 5.3 | 1.2 | 1.0 | 5.2 | 2.8 | 4.7 | 42.9 | | 9.3 | 13.0 |
| | | Non-Affil. Carriers | 3.4 | 3.4 | 3.9 | 3.3 | 3.3 | 4.4 | 5.2 | 5.1 | 2.9 | 110.0 | 13.1 | 12.6 |
| | | 272 Affiliate | | | | | | | | | | 1.5 | *** | |
| De | | Non-272 Affiliates | 4.9 | 2.5 | 2.4 | 0.8 | 0.5 | 4.8 | 3.2 | 5.1 | 77.9 | | | 11.2 |
| 20: 4 5 | | Non-Affil. Carriers | 4.1 | 5.7 | 4.9 | 4.8 | 4.6 | 7.5 | 7.5 | 5.4 | 7.1 | 220.4 | 41.2 | 29.3 |
| | , | 272 Affiliate | | | | | | | | | 0.0 | | | |
| (H | | Non-272 Affiliates Non-Affil. Carriers | | 11.1 3.7 | 1.3 | 8.1 2.7 | 2.8 | 0.3 4.0 | 7.2 | 3.9 16.9 | 4.8 2.0 | 2.7 | 55.8 | |
| Ct. | | 272 Affiliate | | | | | | | | 16.9 | 2.0 | | | |
| | | Non-272 Affiliates | | 16.4 | *** | 14.6 | | 0.4 | 8.8 | 5.3 | 4.7 | | | |
| De | | Non-Affil. Carriers | | 0.2 | | 14.0 | *** | U.4 *** | 8.8 | 5.3 17.2 | 4.7 | 2.3 | *** | |
| | ı | NUIT-AIIII. CAITIEIS | | 0.2 | | | | | | 11.2 | | ۷.۵ | | |

Notes:
1./ Data Not Required for months shaded in grey.
2./ FG D Data Not Required for 2001.
3./ *** = standard deviation not defined

| Verizo | on Access | Services 200 | 2 | | | | | | NY (INCL CT |) | | | | |
|----------|-----------------|---------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Service | Measure | Customer | Jan-02 | Feb-02 | Mar-02 | Apr-02 | May-02 | Jun-02 | Jul-02 | Aug-02 | Sep-02 | Oct-02 | Nov-02 | Dec-02 |
| FG D | | 272 Affiliate | *proprietary* |
| | | Non-272 Affiliates | *proprietary* |
| | | Non-Affil. Carriers | *proprietary* |
| DS0 | | 272 Affiliate | *proprietary* |
| | | Non-272 Affiliates | *proprietary* |
| | | Non-Affil. Carriers | *proprietary* |
| DS1 | | 272 Affiliate | *proprietary* |
| | | Non-272 Affiliates | *proprietary* |
| | Trouble Tickets | Non-Affil. Carriers | *proprietary* |
| DS3 | Trouble Tienets | 272 Affiliate | *proprietary* |
| D03 | | Non-272 Affiliates | *proprietary* |
| | | Non-Affil. Carriers | | <u> </u> | | | | | | 1 1 1 | | | | |
| OCn | | 272 Affiliate | *proprietary* |
| OUN | | | *proprietary* |
| | | Non-272 Affiliates | *proprietary* |
| | | Non-Affil. Carriers | *proprietary* |
| FG D | Avg Repair Int. | 272 Affiliate | 3.9 | 4.2 | 1.2 | 6.4 | 3.3 | 4.6 | 1.8 | 1.5 | 1.9 | | 4.6 | 1.8 |
| | (Hours) | Non-272 Affiliates | | | | | | | | 0.6 | 0.5 | . | | <u>-</u> - |
| | | Non-Affil. Carriers | 1.2 | 2.0 | 1.6 | 2.4 | 2.0 | 2.6 | 3.4 | 2.3 | 3.4 | 2.1 | 1.9 | 2.4 |
| | Standard | 272 Affiliate | 6.4 | 6.6 | 1.2 | 13.8 | 5.5 | 6.9 | 1.4 | 0.7 | 1.0 | | 4.1 | 8.0 |
| | Deviation | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | 0.9 | 1.7 | 1.1 | 3.5 | 1.3 | 3.3 | 4.6 | 3.0 | 9.1 | 1.2 | 1.7 | 3.2 |
| DS0 | Avg Repair Int. | 272 Affiliate | | | 4.8 | 2.7 | 0.1 | 4.2 | 1.2 | 2.0 | 3.1 | 4.8 | 1.6 | 12.9 |
| | (Hours) | Non-272 Affiliates | | | <u></u> . | | | | | | | | | |
| | | Non-Affil. Carriers | 11.6 | 8.6 | 6.4 | 6.3 | 5.7 | 6.6 | 5.1 | 5.8 | 5.8 | 5.5 | 6.1 | 6.3 |
| | Standard | 272 Affiliate | | | 3.9 | 2.6 | | 2.9 | 2.7 | 1.7 | 4.2 | 3.9 | | 5.4 |
| | Deviation | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | 31.8 | 15.6 | 9.5 | 9.4 | 10.2 | 10.0 | 7.2 | 7.4 | 8.2 | 6.5 | 8.2 | 8.1 |
| DS1 | Avg Repair Int. | 272 Affiliate | 1.4 | 0.5 | 1.2 | 0.1 | | 1.5 | 4.5 | 6.1 | 4.7 | 2.9 | 7.3 | 24.6 |
| | (Hours) | Non-272 Affiliates | 5.8 | 6.8 | 7.7 | 7.5 | 4.9 | 7.8 | 7.4 | 8.1 | 8.7 | 9.5 | 9.7 | 8.7 |
| | | Non-Affil. Carriers | 7.3 | 6.4 | 5.5 | 5.9 | 7.1 | 7.2 | 6.8 | 6.4 | 6.9 | 8.3 | 7.5 | 7.6 |
| | Standard | 272 Affiliate | 1.9 | 0.8 | 0.4 | 0.0 | | | 5.2 | 8.8 | 2.4 | 2.2 | 7.6 | 62.3 |
| | Deviation | Non-272 Affiliates | 10.1 | 11.1 | 11.9 | 11.6 | 6.4 | 10.9 | 10.2 | 9.9 | 10.5 | 13.8 | 13.8 | 11.3 |
| 500 | | Non-Affil. Carriers | 25.3 | 10.7 | 6.8 | 7.7 | 13.3 | 9.5 | 7.9 | 6.9 | 8.2 | 10.1 | 9.0 | 9.0 |
| DS3 | Avg Repair Int. | 272 Affiliate | | 3.4 | 2.2 | 0.7 | | | | | | 42.2 | 7.7 | 19.4 |
| | (Hours) | Non-272 Affiliates | | | | | | | 7.0 | | 12.5 | | | |
| - | 01 1 1 | Non-Affil. Carriers | 5.4 | 5.4 | 4.5 | 10.7 | 4.0 | 7.2 | 6.4 | 5.2 | 5.8 | 9.5 | 7.3 | 6.2 |
| | Standard | 272 Affiliate | | 0.4 | 3.0 | | | | | | | | 11.6 | 18.7 |
| | Deviation | Non-272 Affiliates | | | | | | | 0.0 | | 16.5 | | | |
| - | | Non-Affil. Carriers | 5.8 | 6.9 | 6.6 | 17.9 | 5.7 | 8.4 | 7.6 | 5.0 | 7.3 | 16.0 | 7.6 | 6.0 |
| OCn | Avg Repair Int. | 272 Affiliate | | | | | | | | | | | | |
| | (Hours) | Non-272 Affiliates | | | | | | | | | | | | |
| - | 0: 1: | Non-Affil. Carriers | | | 9.3 | - | 25.1 | | 2.0 | 11.7 | - | 9.9 | 7.4 | 17.8 |
| | Standard | 272 Affiliate | | | | | | | | | | | | |
| | Deviation | Non-272 Affiliates | | | | | | | | | | | *** | |
| | | Non-Affil. Carriers | | | *** | - | 23.8 | | *** | 7.0 | - | 8.0 | *** | 25.5 |
| Notes | | | | | | | | | | | | | | |

Notes:
1./ Data Not Required for months shaded in grey.
2./ FG D Data Not Required for 2001.
3./ *** = standard deviation not defined

VERIZON NEW YORK 272 AUDIT REPORT - 2001 PIC INTERVALS

| | | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | ОСТ | NOV | DEC |
|-----------------------|-----------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 272 AFFILIATES | RECORDS | *Proprietary* |
| | INTERVAL | 1:03 | 1:16 | 0:48 | 0:53 | 0:59 | 1:37 | 0:54 | 1:32 | 1:10 | 0:46 | 1:06 | 0:41 |
| | STD. DEV. | 0.6 | 1.4 | 0.7 | 0.9 | 1.1 | 2.8 | 1.1 | 5.1 | 1.7 | 0.7 | 2.5 | 1.0 |
| NON-AFFILIATES | RECORDS | *Proprietary* |
| | INTERVAL | 2:02 | 2:31 | 2:13 | 4:24 | 3:01 | 2:55 | 2:32 | 3:22 | 2:29 | 2:29 | 2:16 | 2:09 |
| | STD. DEV. | 1.8 | 2.3 | 4.0 | 12.6 | 7.0 | 4.3 | 5.6 | 7.6 | 3.0 | 3.1 | 3.3 | 2.4 |

NOTES:

^{1.} This report represents data showing the Average PIC Interval for carrier initiated files sent to Verizon by the long distance carriers. This includes Verizon long distance carriers(272 Affiliates) and the top 6 carriers represented by the term Non-Affiliates. The "PIC Interval" is defined as "the time a PIC change is completed in the switch " minus "the time the request was received by XEA". Each incoming file is time stamped when XEA picks it up for processing. Intervals are measured in Hrs:Mins.

VERIZON NEW YORK 272 AUDIT REPORT - 2002 PIC INTERVALS

| | | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC |
|-----------------------|-----------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 272 AFFILIATES | RECORDS | *Proprietary* |
| | INTERVAL | 1:11 | 2:12 | 0:33 | 3:28 | 0:44 | 2:13 | 2:40 | 5:16 | 2:46 | 2:48 | 2:34 | 5:08 |
| | STD. DEV. | 1.4 | 3.0 | 0.4 | 7.8 | 0.9 | 12.2 | 1.6 | 5.2 | 1.9 | 2.2 | 3.8 | 3.8 |
| NON-AFFILIATES | RECORDS | *Proprietary* |
| | INTERVAL | 7:22 | 2:09 | 3:25 | 2:22 | 2:13 | 2:28 | 3:48 | 3:07 | 2:21 | 1:53 | 1:44 | 1:43 |
| | STD. DEV. | 52.3 | 3.8 | 8.2 | 7.9 | 2.2 | 6.4 | 13.6 | 3.2 | 7.6 | 2.0 | 2.1 | 1.8 |

NOTES:

^{1.} This report represents data showing the Average PIC Interval for carrier initiated files sent to Verizon by the long distance carriers. This includes Verizon long distance carriers(272 Affiliates) and the top 6 carriers represented by the term Non-Affiliates. The "PIC Interval" is defined as "the time a PIC change is completed in the switch " minus "the time the request was received by XEA". Each incoming file is time stamped when XEA picks it up for processing. Intervals are measured in Hrs:Mins.

| | n FOC Results D | | 1 04 | E-1- 04 | M 04 | A 04 | M 04 | L 04 | PA (BA) | | 0 04 | 0-1-04 | No. 04 | D 04 |
|---------|---------------------|------------------------------------|--------|---------|--------|--------|--------|--------|---------|--------|---|-------------------|------------|------------------|
| Service | | Measure | Jan-01 | Feb-01 | Mar-01 | Apr-01 | May-01 | Jun-01 | Jul-01 | Aug-01 | Sep-01 | Oct-01 | Nov-01 | Dec-01 |
|)S0 | 272 Affiliate | Orders | | | | | | | | | *proprie | tary [^] | *proprieta | ary [*] |
| | | FOC Interval Standard Deviation | | | | | | | | | | | | |
| | Non-272 Affiliates | Orders | | | | | | | | | *====================================== | 40 m /* | *======== | |
| | Non-272 Annates | FOC Interval | | | | | | | | | *proprie | lary | *proprieta | агу" |
| | | Standard Deviation | | | | | | | | | 2.0 | | | |
| | Non-Affil. Carriers | Orders | | | | | | | | | *proprie | tary* | *proprieta | arv* |
| | Non-Ami. Camers | FOC Interval | | | | | | | | | 1.1 | 1.2 | 1.1 | ary 1.4 |
| | | Standard Deviation | | | | | | | | | 1.6 | 2.6 | 2.1 | 2.2 |
| DS1 | 272 Affiliate | Orders | | | | | | | | | *proprie | | *proprieta | |
| 501 | Z1 Z Allillato | FOC Interval | | | | | | | | | | | | ui y |
| | | Standard Deviation | | | | | | | | | | | | |
| | Non-272 Affiliates | Orders | | | | | | | | | *proprie | | *proprieta | |
| | Tron 2727 timatoo | FOC Interval | | | | | | | | | 3.5 | 1.8 | 0.6 | 2.4 |
| | | Standard Deviation | | | | | | | | | 6.3 | 4.7 | 1.0 | 2.2 |
| | Non-Affil. Carriers | Orders | | | | | | | | | *proprie | | *proprieta | |
| | | FOC Interval | | | | | | | | | 2.8 | 2.3 | 2.0 | 2.3 |
| | | Standard Deviation | | | | | | | | | 5.4 | 3.7 | 2.8 | 4.4 |
| DS3 | 272 Affiliate | Orders | | | | | | | | | *proprie | tary* | *proprieta | ary* |
| | | FOC Interval | | | | | | | | | 2.0 | | | |
| | | Standard Deviation | | | | | | | | | 1.4 | | | |
| | Non-272 Affiliates | Orders | | | | | | | | | *proprie | tary* | *proprieta | ary* |
| | | FOC Interval | | | | | | | | | 4.5 | 0.0 | 0.0 | 15.5 |
| | | Standard Deviation | | | | | | | | | 7.3 | *** | *** | 0.7 |
| | Non-Affil. Carriers | Orders | | | | | | | | | *proprie | tary* | *proprieta | ary* |
| | | FOC Interval | | | | | | | | | 2.4 | 2.1 | 2.4 | 2.3 |
| | | Standard Deviation | | | | | | | | | 4.6 | 4.8 | 3.7 | 3.3 |
| OCn . | 272 Affiliate | Orders | | | | | | | | | *proprie | tary* | *proprieta | ary* |
| | | FOC Interval | | | | | | | | | 2.0 | 19.0 | 18.0 | 1.0 |
| | | Standard Deviation | | | | | | | | | *** | *** | *** | *** |
| | Non-272 Affiliates | Orders | | | | | | | | | *proprie | tary* | *proprieta | • |
| | 1 | FOC Interval | | | | | | | | | 5.8 | | 7.0 | 13.0 |
| | | Standard Deviation | | | | | | | | | 6.6 | | *** | *** |
| | Non-Affil. Carriers | Orders | | | | | | | | | *proprie | | *proprieta | - |
| | | FOC Interval | | | | | | | | | 77.1 | 14.5 | 5.8 | 4.2 |
| | | Standard Deviation | | | | | | | | | 78.1 | 20.5 | 5.5 | 8.2 |

^{1./} Data Not Required for months shaded in grey.

^{2./ *** =} standard deviation not defined

| | Customer 272 Affiliate Non-272 Affiliates Non-Affil. Carriers | Measure Orders FOC Interval Standard Deviation Orders FOC Interval Standard Deviation Orders FOC Interval | | Feb-02 *proprietary* 1.0 *** *proprietary* | | Apr-02 *proprietary* *proprietary* | May-02 | Jun-02 *proprietar | Jul-02 ' y* 0.6 | Aug-02 | | Oct-02 *proprie | Nov-02 etary* | Dec-02 |
|------|---|---|--------------|---|------|------------------------------------|--------|-----------------------|------------------------------|------------|-------|-----------------|------------------|--------|
| | Non-272 Affiliates Non-Affil. Carriers | FOC Interval Standard Deviation Orders FOC Interval Standard Deviation Orders FOC Interval | | 1.0 *** *proprietary* | | | | *proprietar | | | | *proprie | etary* | |
| | Non-Affil. Carriers | Standard Deviation Orders FOC Interval Standard Deviation Orders FOC Interval | | **** *proprietary* | | *proprietary* | | | 0.6 | | | | | |
| | Non-Affil. Carriers | Orders FOC Interval Standard Deviation Orders FOC Interval | | *proprietary* | | *proprietary* | | | U.O | 0.0 | 0.5 | 0.5 | 0.8 | 1.0 |
| | Non-Affil. Carriers | FOC Interval Standard Deviation Orders FOC Interval | | | | *proprietary* | | | 0.5 | *** | 0.7 | 0.5 | 0.5 | 0.0 |
| | | Standard Deviation Orders FOC Interval | | | | | • | *proprietar | у* | *proprieta | ary* | *proprie | etary* | |
| | | Orders FOC Interval | | | | | | | | | | | | |
| | | FOC Interval | | | | | | | | | | | | |
| S1 | 070 4550 | | | *proprietary* | | *proprietary* | ŧ | *proprietar | у* | *proprieta | ary* | *proprie | etary* | |
| S1 : | 0=0 4 55111 4 | | 1.3 | 1.3 | 0.9 | 1.0 | 0.9 | 0.8 | 0.9 | 1.2 | 0.7 | 0.7 | 0.7 | 0.6 |
| S1 | 0=0 4 5511 4 | Standard Deviation | 1.5 | 1.5 | 1.3 | 1.5 | 1.1 | 1.1 | 1.2 | 4.9 | 1.5 | 1.1 | 0.9 | 1.1 |
| | 272 Affiliate | Orders | | *proprietary* | | *proprietary* | ; | *proprietar | 'y* | *proprieta | ary* | *proprie | etary* | |
| | | FOC Interval | | - | 2.0 | | 1.0 | 3.0 | 1.4 | 3.4 | 0.8 | 1.4 | 1.3 | 1.5 |
| | | Standard Deviation | | | 1.4 | | *** | *** | 1.5 | 4.3 | 0.8 | 1.1 | 0.6 | 2.3 |
| | Non-272 Affiliates | Orders | | *proprietary* | | *proprietary* | ŧ | *proprietar | 'y* | *proprieta | ary* | *proprie | etary* | |
| | | FOC Interval | 2.0 | 3.4 | 2.7 | 1.5 | 2.9 | 1.2 | 1.0 | 1.6 | 0.9 | 1.1 | 0.7 | 0.8 |
| | | Standard Deviation | 2.0 | 3.9 | 1.8 | 1.3 | 9.2 | 2.0 | 2.2 | 2.4 | 1.3 | 1.7 | 0.7 | 1.7 |
| | Non-Affil. Carriers | Orders | | *proprietary* | | *proprietary* | + | *proprietar | | *proprieta | arv* | *proprie | etarv* | |
| | | FOC Interval | 2.9 | 2.7 | 1.9 | 1.9 | 1.9 | 1.9 | 1.5 | 2.0 | 1.3 | 1.3 | 1.2 | 1.3 |
| | | Standard Deviation | 2.6 | 2.7 | 2.1 | 2.4 | 1.9 | 1.9 | 1.7 | 2.1 | 1.4 | 1.7 | 1.3 | 1.5 |
| S3 | 272 Affiliate | Orders | | *proprietary* | | *proprietary* | ŧ | *proprietar | v* | *proprieta | ary* | *proprie | etary* | |
| | | FOC Interval | | - | | | | | 2.2 | 1.0 | 1.0 | 1.5 | | |
| | | Standard Deviation | | | | | | | 1.3 | 0.0 | 1.4 | 0.7 | | |
| | Non-272 Affiliates | Orders | | *proprietary* | | *proprietary* | ŧ | *proprietar | v* | *proprieta | ary* | *proprie | etary* | |
| | | FOC Interval | 3.7 | | 3.0 | | | | 2.0 | 2.2 | | · · | 1.3 | 4.7 |
| | | Standard Deviation | 2.9 | | *** | | | | 0.0 | 4.4 | | | 1.8 | 7.2 |
| | Non-Affil. Carriers | Orders | | *proprietary* | | *proprietary* | ŧ | *proprietar | v* | *proprieta | ary* | *proprie | etary* | |
| | | FOC Interval | 2.6 | 2.4 | 1.8 | 2.1 | 2.3 | 1.6 | 1.8 | 2.4 | 1.5 | 1.4 | 1.8 | 1.6 |
| | | Standard Deviation | 2.9 | 3.3 | 2.2 | 3.0 | 3.4 | 1.9 | 2.1 | 4.9 | 1.6 | 1.4 | 2.2 | 1.9 |
|)Cn | 272 Affiliate | Orders | | *proprietary* | | *proprietary* | | *proprietar | | *proprieta | arv* | *proprie | | |
| | | FOC Interval | | | | | | | 8.0 | | 2.5 | | | |
| | | Standard Deviation | | | | | | | *** | | 3.5 | | | |
| | Non-272 Affiliates | Orders | | *proprietary* | | *proprietary* | + | *proprietar | 'V* | *proprieta | arv* | *proprie | etarv* | |
| | | FOC Interval | | | | 10.5 | | | | | , | 2.5 | | |
| | | Standard Deviation | | | | 0.7 | | | | | | 2.1 | | |
| | Non-Affil. Carriers | Orders | | *proprietary* | | *proprietary* | | *proprietar | v* | *proprieta | arv* | *proprie | | |
| | | FOC Interval | 1.0 | 3.9 | 2.5 | 5.7 | 0.0 | | y | 7.2 | 2.1 | 4.2 | 0.3 | 2.4 |
| | | Standard Deviation | 0.0 | 4.1 | 2.1 | 9.0 | 0.0 | | | 9.7 | 3.1 | 3.2 | 0.6 | 2.4 |

^{1./} Data Not Required for months shaded in grey.

^{2./ *** =} standard deviation not defined

| Verizo | n Access | Services Installe | ed 2001 | | | | | | PA (BA) | | | | | |
|---------|----------------|---------------------|---------|--------|--------|--------|--------|--------|---------|--------|---------------|---------------|---------------|---------------|
| Service | Measure | Customer | Jan-01 | Feb-01 | Mar-01 | Apr-01 | May-01 | Jun-01 | Jul-01 | Aug-01 | Sep-01 | Oct-01 | Nov-01 | Dec-01 |
| DS0 | | 272 Affiliate | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| DS1 | | 272 Affiliate | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliate s | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| DS3 | | 272 Affiliate | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | Order Volumes | Non-272 Affiliate s | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| OCn | | 272 Affiliate | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliate s | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| DS0 | Avg Inst. Int. | 272 Affiliate | | | | | | | | | | | | |
| | (Days) | Non-272 Affiliate s | | | | | | | | | 11.3 | | | |
| | (- , - , | Non-Affil. Carriers | | | | | | | | | 15.5 | 12.9 | 11.2 | 11.3 |
| | Standard | 272 Affiliate | | | | | | | | | | | | |
| | Deviation | Non-272 Affiliate s | | | | | | | | | 4.7 | | | |
| | | Non-Affil. Carriers | | | | | | | | | 8.1 | 7.0 | 6.0 | 7.1 |
| DS1 | Avg Inst. Int. | 272 Affiliate | | | | | | | | | | | | |
| | (Days) | Non-272 Affiliate s | | | | | | | | | 18.9 | 23.7 | 21.7 | 14.0 |
| | | Non-Affil. Carriers | | | | | | | | | 16.5 | 15.2 | 14.6 | 15.1 |
| | Standard | 272 Affiliate | | | | | | | | | | | | |
| | Deviation | Non-272 Affiliate s | | | | | | | | | 17.0 | 18.5 | 18.4 | 6.2 |
| | | Non-Affil. Carriers | | | | | | | | | 13.1 | 10.6 | 9.2 | 9.4 |
| DS3 | | 272 Affiliate | | | | | | | | | 14.5 | | | |
| | (Days) | Non-272 Affiliate s | | | | | | | | | 18.8 | 18.0 | | |
| | | Non-Affil. Carriers | | | | | | | | | 23.3 | 25.7 | 23.1 | 29.5 |
| | Standard | 272 Affiliate | | | | | | | | | 19.1 | | | |
| | Deviation | Non-272 Affiliate s | | | | | | | | | 18.0 | *** | | |
| | | Non-Affil. Carriers | | | | | | | | | 19.9 | 17.8 | 16.7 | 19.0 |
| OCn | Avg Inst. Int. | 272 Affiliate | | | | | | | | | | | | |
| | (Days) | Non-272 Affiliate s | | | | | | | | | 22.8 | 107.0 | | |
| | 0, 1, 1 | Non-Affil. Carriers | | | | | | | | | | 107.0 | 83.5 | 10.0 |
| | Standard | 272 Affiliate | | | | | | | | | | | | |
| | Deviation | Non-272 Affiliate s | | | | | | | | | 13.6 | *** | | |
| | | Non-Affil. Carriers | | | | | | | | | | | 4.9 | 0.0 |

| Verizo | n Access | Services Installe | ed 2001 | | | | | | PA (BA) | | | | | |
|---------|-------------|---------------------|---------|--------|--------|--------|--------|--------|---------|--------|--------|--------|--------|--------|
| Service | Measure | Customer | Jan-01 | Feb-01 | Mar-01 | Apr-01 | May-01 | Jun-01 | Jul-01 | Aug-01 | Sep-01 | Oct-01 | Nov-01 | Dec-01 |
| DS0 | | 272 Affiliate | | | | | | | | | | | | |
| | | Non-272 Affiliate s | | | | | | | | | 85.0 | | | |
| | | Non-Affil. Carriers | | | | | | | | | 87.8 | 92.2 | 92.7 | 89.5 |
| DS1 | | 272 Affiliate | | | | | | | | | | | | |
| | | Non-272 Affiliate s | | | | | | | | | 84.4 | 92.3 | 82.6 | 87.5 |
| | | Non-Affil. Carriers | | | | | | | | | 90.3 | 94.0 | 94.1 | 94.3 |
| DS3 | | 272 Affiliate | | | | | | | | | 100.0 | | - | |
| | Percent Met | Non-272 Affiliate s | | | | | | | | | 90.0 | 0.0 | | |
| | | Non-Affil. Carriers | | | | | | | | | 84.8 | 93.5 | 90.9 | 94.8 |
| OCn | | 272 Affiliate | | | | | | | | | | | | |
| | | Non-272 Affiliate s | | | | | | | | | 100.0 | | | |
| | | Non-Affil. Carriers | | | | | | | | | | 100.0 | 0.0 | 100.0 |
| | | | | | | | | | | | | | | 100.0 |

- Notes:
 1./ Data Not Required for months shaded in grey.
 2./ Installation Data excludes CNRs.
 3./ FG D Data Not Required for 2001.
 4./ *** = standard deviation not defined

| Verizo | n Access | Services Installe | ed 2002 | | | | | | PA (BA) | | | | | |
|---------|----------------|---------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Service | Measure | Customer | Jan-02 | Feb-02 | Mar-02 | Apr-02 | May-02 | Jun-02 | Jul-02 | Aug-02 | Sep-02 | Oct-02 | Nov-02 | Dec-02 |
| FG D | | 272 Affiliate | *proprietary* |
| | | Non-272 Affiliate s | *proprietary* |
| | | Non-Affil. Carriers | *proprietary* |
| DS0 | | 272 Affiliate | *proprietary* |
| DOO | | Non-272 Affiliate s | *proprietary* |
| | | Non-Affil. Carriers | *proprietary* |
| DS1 | | 272 Affiliate | *proprietary* |
| DOT | | Non-272 Affiliate s | *proprietary* |
| | Order Volumes | Non-Affil. Carriers | *proprietary* |
| D00 | Order volumes | | | | | | | | | | | | | |
| DS3 | | 272 Affiliate | *proprietary* |
| | | Non-272 Affiliate s | *proprietary* |
| | | Non-Affil. Carriers | *proprietary* |
| OCn | | 272 Affiliate | *proprietary* |
| | | Non-272 Affiliate s | *proprietary* |
| | | Non-Affil. Carriers | *proprietary* |
| FG D | Avg Inst. Int. | 272 Affiliate | | 25.7 | | 8.8 | 25.7 | | 18.8 | 10.0 | 31.1 | 13.9 | 23.0 | |
| | (Days) | Non-272 Affiliate s | 9.0 | | | | | | | 36.0 | | | | 12.0 |
| | | Non-Affil. Carriers | 26.0 | 17.6 | 15.7 | 14.6 | 11.9 | 17.9 | 17.7 | 13.3 | 13.5 | 12.7 | 17.3 | 16.1 |
| | Standard | 272 Affiliate | | 1.7 | | 0.5 | 6.2 | | 4.1 | *** | 4.3 | 2.4 | 3.5 | |
| | Deviation | Non-272 Affiliate s | *** | | | | | | | *** | | | | *** |
| | | Non-Affil. Carriers | 17.5 | 15.1 | 6.1 | 8.2 | 5.9 | 6.6 | 5.7 | 5.7 | 5.0 | 6.1 | 12.5 | 7.1 |
| DS0 | Avg Inst. Int. | 272 Affiliate | | 4.0 | | | | | 3.5 | | 4.5 | 9.0 | 12.0 | 3.0 |
| | (Days) | Non-272 Affiliate s | | | | | | | | | | | | |
| | | Non-Affil. Carriers | 13.0 | 12.4 | 12.3 | 11.6 | 11.7 | 13.8 | 13.2 | 13.5 | 10.6 | 19.2 | 7.1 | 8.5 |
| | Standard | 272 Affiliate | | *** | | | | | 0.7 | | 2.1 | *** | 5.7 | *** |
| | Deviation | Non-272 Affiliate s | | | | | | | | | | | | |
| | | Non-Affil. Carriers | 7.4 | 17.9 | 6.3 | 5.5 | 7.0 | 17.0 | 7.7 | 6.9 | 5.3 | 9.5 | 6.7 | 7.7 |
| DS1 | Avg Inst. Int. | 272 Affiliate | | | | 14.0 | 10.0 | | 4.0 | | 16.7 | 11.8 | | 9.7 |
| | (Days) | Non-272 Affiliate s | 25.2 | 26.0 | 31.5 | 13.2 | 19.0 | 21.7 | 20.0 | 19.6 | 14.5 | 27.6 | 27.3 | 34.9 |
| | | Non-Affil. Carriers | 16.0 | 15.3 | 15.0 | 16.5 | 15.8 | 15.1 | 15.5 | 15.4 | 14.0 | 13.2 | 13.8 | 13.4 |
| | Standard | 272 Affiliate | | | | *** | *** | | 0.0 | | 1.2 | 2.1 | | 5.3 |
| | Deviation | Non-272 Affiliate s | 5.5 | 10.7 | 28.6 | 10.3 | 23.4 | 11.8 | 12.9 | 14.7 | 9.2 | 14.9 | 15.2 | 29.5 |
| | | Non-Affil. Carriers | 13.5 | 13.6 | 12.9 | 13.7 | 10.4 | 10.4 | 11.0 | 10.5 | 10.1 | 10.5 | 10.9 | 9.2 |
| DS3 | Avg Inst. Int. | 272 Affiliate | | | | | | | 8.0 | 9.3 | | 14.0 | | |
| | (Days) | Non-272 Affiliate s | 19.0 | 44.0 | | 30.0 | | | | 20.5 | 14.0 | | | 24.5 |
| | | Non-Affil. Carriers | 23.1 | 22.7 | 21.3 | 15.4 | 21.8 | 17.7 | 19.0 | 21.1 | 23.4 | 16.7 | 27.1 | 22.6 |
| | Standard | 272 Affiliate | | | | | | | 4.2 | 5.6 | | 13.9 | | |
| | Deviation | Non-272 Affiliate s | *** | 49.5 | | *** | | | | 12.0 | *** | | | 0.7 |
| | | Non-Affil. Carriers | 13.5 | 13.5 | 32.3 | 10.1 | 13.5 | 13.9 | 10.2 | 10.7 | 14.9 | 13.2 | 20.2 | 14.6 |
| OCn | Avg Inst. Int. | 272 Affiliate | | | | | | | | | | | | |
| | (Days) | Non-272 Affiliate s | 9.0 | | | | | | | | | | | |
| | | Non-Affil. Carriers | | 81.0 | 18.0 | 38.0 | 21.0 | 45.0 | | | 22.0 | 33.0 | 20.5 | 85.7 |
| | Standard | 272 Affiliate | | | | | | | | | | | | |
| | Deviation | Non-272 Affiliate s | *** | | | | | | | | | | | |
| | | Non-Affil. Carriers | | 89.1 | *** | *** | 29.7 | *** | - | - | 4.4 | 21.2 | 13.2 | 31.5 |

| Verizo | n Access | Services Installe | ed 2002 | | | | | | PA (BA) | | | | | |
|---------|-------------|---------------------|---------|--------|--------|--------|--------|--------|---------|--------|--------|--------|--------|--------|
| Service | Measure | Customer | Jan-02 | Feb-02 | Mar-02 | Apr-02 | May-02 | Jun-02 | Jul-02 | Aug-02 | Sep-02 | Oct-02 | Nov-02 | Dec-02 |
| FG D | | 272 Affiliate | | 100.0 | - | 100.0 | 100.0 | | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | - |
| | | Non-272 Affiliate s | 100.0 | | | | | | | 100.0 | | | | 100.0 |
| | | Non-Affil. Carriers | 100.0 | 100.0 | 99.4 | 100.0 | 100.0 | 96.6 | 100.0 | 100.0 | 100.0 | 100.0 | 98.7 | 100.0 |
| DS0 | | 272 Affiliate | | 100.0 | | | | | 100.0 | | 100.0 | 100.0 | 100.0 | 100.0 |
| | | Non-272 Affiliate s | | | | | | | | | | | | |
| | | Non-Affil. Carriers | 94.0 | 91.4 | 93.5 | 92.6 | 94.2 | 91.8 | 86.7 | 91.7 | 94.0 | 97.1 | 95.7 | 94.9 |
| DS1 | | 272 Affiliate | | | | 100.0 | 100.0 | | 100.0 | | 100.0 | 100.0 | | 100.0 |
| | | Non-272 Affiliate s | 94.9 | 87.0 | 70.6 | 88.1 | 89.6 | 92.3 | 92.0 | 100.0 | 95.9 | 92.9 | 95.7 | 71.4 |
| | Percent Met | Non-Affil. Carriers | 95.0 | 94.6 | 95.7 | 94.8 | 96.3 | 95.5 | 93.1 | 94.0 | 94.5 | 95.6 | 94.9 | 94.6 |
| DS3 | | 272 Affiliate | | | | | | | 100.0 | 100.0 | | 66.7 | | |
| | | Non-272 Affiliate s | 0.0 | 50.0 | | 100.0 | | | | 100.0 | 100.0 | | | 100.0 |
| | | Non-Affil. Carriers | 83.7 | 80.0 | 87.8 | 91.9 | 87.7 | 80.4 | 85.4 | 86.7 | 79.5 | 92.3 | 89.8 | 83.3 |
| OCn | | 272 Affiliate | | | | | | | | | | | | |
| | | Non-272 Affiliate s | 100.0 | | | | | | | | | | | |
| | | Non-Affil. Carriers | | 100.0 | 100.0 | 0.0 | 50.0 | 100.0 | | | 100.0 | 100.0 | 50.0 | 100.0 |
| | | | | | | | | | | | | | | |

Notes:
1./ Data Not Required for months shaded in grey.
2./ Installation Data excludes CNRs.
3./ FG D Data Not Required for 2001.
4./ *** = standard deviation not defined

| Verizo | on Access | Services 200 | 1 | | | | | | PA (BA) | | | | | |
|---------|-----------------|-------------------------------------|--------|--------|--------|--------|--------|--------|---------|--------|---------------|---------------|---------------|---------------|
| Service | | Customer | Jan-01 | Feb-01 | Mar-01 | Apr-01 | May-01 | Jun-01 | Jul-01 | Aug-01 | Sep-01 | Oct-01 | Nov-01 | Dec-01 |
| DS0 | | 272 Affiliate | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| DS1 | | 272 Affiliate | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| DS3 | | 272 Affiliate | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | Trouble Tickets | Non-272 Affiliates | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| OCn | | 272 Affiliate | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| DS0 | Avg Repair Int. | 272 Affiliate | | | | | | | | | | | | |
| | | Non-272 Affiliates | | | | | | | | | 1.6 | | | |
| | | Non-Affil. Carriers | | | | | | | | | 2.0 | 2.3 | 2.0 | 2.5 |
| | | 272 Affiliate | | | | | | | | | | | | |
| | | Non-272 Affiliates | | | | | | | | | 2.0 | | | |
| | | Non-Affil. Carriers | | | | | | | | | 2.6 | 2.4 | 2.5 | 4.1 |
| DS1 | | 272 Affiliate | | | | | | | | | | | | |
| | | Non-272 Affiliates | | | | | | | | | 1.8 | 2.2 | 2.0 | 3.6 |
| - | | Non-Affil. Carriers | | | | | | | | | 2.2 | 2.2 | 2.4 | 2.9 |
| | | 272 Affiliate | | | | | | | | | | | | |
| | | Non-272 Affiliates | | | | | | | | | 2.4 | 3.0 | 2.9 | 5.3 |
| DS3 | | Non-Affil. Carriers | | | | | | | | | 2.7 | 2.5 | 3.0 | 3.5 |
| DS3 | 3 1 | 272 Affiliate Non-272 Affiliates | | | | | | | | | | | | |
| | (Hours) | Non-Affil. Carriers | | | | | | | | | 1.1 1.5 | 0.1 1.1 | 0.2 1.9 | 0.4 1.1 |
| - | Standard | 272 Affiliate | | | | | | | | | 1.5 | I.I | 1.9 | |
| | | Non-272 Affiliates | | | | | | | | | 0.9 | 0.3 | *** | *** |
| | | Non-Affil. Carriers | | | | | | | | | 2.9 | 1.5 | 2.3 | 1.1 |
| OCn | | 272 Affiliate | | | | | | | | | 2.5 | | 2.3 | |
| 2011 | | Non-272 Affiliates | | | | | | | | | | | | |
| | (Hours) | Non-Affil. Carriers | | | | | | | | | | 0.0 | | |
| | Standard | 272 Affiliate | | | | | | | | | | | | |
| | | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | | | | *** | | |
| | | | | | | | | | | | | | | |

Notes:
1./ Data Not Required for months shaded in grey.
2./ FG D Data Not Required for 2001.
3./ *** = standard deviation not defined

| Verizo | on Access | Services 200 | 2 | | | | | | PA (BA) | | | | | |
|---------|-----------------|---------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------------|---------------|---------------|
| Service | Measure | Customer | Jan-02 | Feb-02 | Mar-02 | Apr-02 | May-02 | Jun-02 | Jul-02 | Aug-02 | Sep-02 | Oct-02 | Nov-02 | Dec-02 |
| FG D | | 272 Affiliate | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | *proprietary* | *proprietary* | *proprietary* |
| DS0 | | 272 Affiliate | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | *proprietary* | *proprietary* | *proprietary* |
| DS1 | | 272 Affiliate | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | *proprietary* | *proprietary* | *proprietary* |
| | Trouble Tickets | Non-Affil. Carriers | *proprietary* | *proprietary* | *proprietary* |
| DS3 | | 272 Affiliate | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | *proprietary* | *proprietary* | *proprietary* |
| OCn | | 272 Affiliate | *proprietary* | *proprietary* | *proprietary* |
| - 0 | | Non-272 Affiliates | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | *proprietary* | *proprietary* | *proprietary* |
| FG D | Avg Repair Int. | 272 Affiliate | 0.9 | 1.9 | 0.5 | | 2.6 | | | | 1.9 | proprietary | | proprietary |
| 100 | (Hours) | Non-272 Affiliates | 0.5 | | 0.5 | | 2.0 | | | | | | | - |
| | (Hours) | Non-Affil. Carriers | 0.8 | 1.4 | 0.5 | 1.6 | 0.8 | 0.2 | 0.4 | 1.1 | 0.7 | 2.4 | | 0.0 |
| - | Standard | 272 Affiliate | 1.0 | 1.0 | *** | | *** | | | | *** | | | |
| | Deviation | Non-272 Affiliates | | | | | | | | | | | | |
| | Deviation | Non-Affil. Carriers | 0.4 | 0.9 | 0.1 | 1.6 | 0.5 | 0.2 | 0.1 | 1.1 | 0.1 | *** | | *** |
| DS0 | Avg Repair Int. | 272 Affiliate | | | | | | | | 1.0 | | 0.2 | | |
| 500 | (Hours) | Non-272 Affiliates | | | | | | | | | | | | |
| | (Flours) | Non-Affil. Carriers | 2.2 | 2.2 | 2.6 | 2.8 | 2.4 | 3.2 | 2.9 | 3.0 | 2.8 | 2.5 | 2.1 | 3.9 |
| | Standard | 272 Affiliate | | | | | | | | *** | | *** | | |
| | Deviation | Non-272 Affiliates | | | | | | | | | | | | |
| | Doridion | Non-Affil. Carriers | 2.3 | 3.2 | 3.4 | 3.2 | 2.5 | 4.6 | 3.9 | 3.9 | 3.1 | 3.7 | 2.4 | 5.9 |
| DS1 | Avg Repair Int. | 272 Affiliate | | | | | | | 0.1 | 0.1 | 1.6 | 2.1 | - | 0.6 |
| | (Hours) | Non-272 Affiliates | 2.2 | 2.2 | 2.6 | 1.5 | 3.8 | 3.3 | 3.5 | 3.2 | 3.1 | 2.5 | 3.7 | 4.1 |
| | () | Non-Affil. Carriers | 2.2 | 2.2 | 2.6 | 3.2 | 3.3 | 3.6 | 3.4 | 3.2 | 3.1 | 2.9 | 2.8 | 3.9 |
| | Standard | 272 Affiliate | | | | | | | *** | *** | *** | 0.2 | | 0.1 |
| | Deviation | Non-272 Affiliates | 2.8 | 2.6 | 3.0 | 1.8 | 4.7 | 3.5 | 5.7 | 3.5 | 5.5 | 2.4 | 4.3 | 7.1 |
| | | Non-Affil. Carriers | 2.6 | 3.1 | 3.0 | 3.6 | 3.6 | 4.1 | 3.8 | 4.0 | 3.5 | 3.3 | 3.4 | 5.9 |
| DS3 | Avg Repair Int. | 272 Affiliate | | | 0.3 | | | | 1.6 | | | 1.8 | | |
| | (Hours) | Non-272 Affiliates | | | 3.5 | | 0.3 | | | | | | | |
| | | Non-Affil. Carriers | 1.1 | 0.6 | 1.5 | 1.6 | 2.0 | 1.3 | 1.9 | 1.1 | 1.1 | 8.0 | 1.5 | 1.7 |
| | Standard | 272 Affiliate | | | *** | | | | *** | | | 2.0 | | |
| | Deviation | Non-272 Affiliates | | | 0.0 | | 0.3 | | | | | | | |
| | | Non-Affil. Carriers | 1.9 | 0.5 | 2.2 | 1.2 | 2.6 | 1.5 | 2.8 | 1.3 | 1.6 | 0.8 | 2.0 | 2.0 |
| OCn | Avg Repair Int. | 272 Affiliate | | | | | | | | | | | | |
| | (Hours) | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | 2.1 | | 1.0 | 9.5 | | | | | | 0.4 | | |
| | Standard | 272 Affiliate | | | | | | | | | | | | |
| | Deviation | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | *** | | *** | *** | | | | | | *** | | |
| Notoo | | | | | | | | | | | | | | |

Notes:
1./ Data Not Required for months shaded in grey.
2./ FG D Data Not Required for 2001.
3./ *** = standard deviation not defined

VERIZON PENNSYLVANIA 272 AUDIT REPORT - 2001 PIC INTERVALS

| | | SEP | OCT | NOV | DEC |
|-----------------------|-----------|---------------|---------------|---------------|---------------|
| 272 AFFILIATES | RECORDS | *Proprietary* | *Proprietary* | *Proprietary* | *Proprietary* |
| | INTERVAL | 0:00 | 1:29 | 0:47 | 0:52 |
| | STD. DEV. | 0.0 | 1.3 | 0.4 | 1.2 |
| NON-AFFILIATES | RECORDS | *Proprietary* | *Proprietary* | *Proprietary* | *Proprietary* |
| | INTERVAL | 2:12 | 2:36 | 2:19 | 2:22 |
| | STD. DEV. | 2.4 | 4.8 | 2.3 | 2.6 |

NOTES:

1. This report represents data showing the Average PIC Interval for carrier initiated files sent to Verizon by the long distance carriers. This includes Verizon long distance carriers(272 Affiliates)and the top 6 carriers represented by the term Non-Affiliates. The "PIC Interval" is defined as "the time a PIC change is completed in the switch " minus "the time the request was received by XEA". Each incoming file is time stamped when XEA picks it up for processing. Intervals are measured in Hrs:Mins.

VERIZON PENNSYLVANIA 272 AUDIT REPORT - 2002 PIC INTERVALS

| | | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | ОСТ | NOV | DEC |
|-----------------------|-----------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 272 AFFILIATES | RECORDS | *Proprietary* |
| | INTERVAL | 0:43 | 3:39 | 0:38 | 1:31 | 1:25 | 9:39 | 12:07 | 3:44 | 3:03 | 2:34 | 2:40 | 3:32 |
| | STD. DEV. | 0.5 | 9.1 | 0.3 | 2.1 | 2.9 | 7.6 | 17.1 | 1.4 | 1.6 | 2.6 | 1.6 | 6.7 |
| NON-AFFILIATES | RECORDS | *Proprietary* |
| | INTERVAL | 2:11 | 4:33 | 3:24 | 2:04 | 2:33 | 2:59 | 2:48 | 2:34 | 2:11 | 1:43 | 1:35 | 1:29 |
| | STD. DEV. | 1.7 | 9.7 | 6.9 | 1.7 | 3.5 | 2.8 | 8.2 | 2.1 | 2.1 | 1.5 | 1.5 | 1.5 |

NOTES:

^{1.} This report represents data showing the Average PIC Interval for carrier initiated files sent to Verizon by the long distance carriers. This includes Verizon long distance carriers(272 Affiliates) and the top 6 carriers represented by the term Non-Affiliates. The "PIC Interval" is defined as "the time a PIC change is completed in the switch " minus "the time the request was received by XEA". Each incoming file is time stamped when XEA picks it up for processing. Intervals are measured in Hrs:Mins.

| | 1 FOC Results D | | | | | | | | PA (GTE | | | | | |
|---------|---------------------|--------------------|--------|--------|--------|--------|--------|--------|---------|--------|----------|--------|------------|--------|
| Service | | Measure | Jan-01 | Feb-01 | Mar-01 | Apr-01 | May-01 | Jun-01 | Jul-01 | Aug-01 | Sep-01 | Oct-01 | Nov-01 | Dec-01 |
| S0 | 272 Affiliate | Orders | | | | | | | | | *proprie | tary* | *proprieta | ary* |
| | | FOC Interval | | | | | | | | | | | | |
| | | Standard Deviation | | | | | | | | | | | | |
| | Non-272 Affiliates | Orders | | | | | | | | | *proprie | tary* | *proprieta | ary* |
| | | FOC Interval | | | | | | | | | | | | |
| | | Standard Deviation | | | | | | | | | | | | |
| | Non-Affil. Carriers | Orders | | | | | | | | | *proprie | - | *proprieta | |
| | | FOC Interval | | | | | | | | | 8.7 | 8.5 | 8.9 | 9.4 |
| | | Standard Deviation | | | | | | | | | 3.3 | 2.9 | 2.9 | 3.0 |
|)S1 | 272 Affiliate | Orders | | | | | | | | | *proprie | tary* | *proprieta | ary* |
| | | FOC Interval | | | | | | | | | | | 9.2 | |
| | | Standard Deviation | | | | | | | | | | | *** | |
| | Non-272 Affiliates | Orders | | | | | | | | | *proprie | tary* | *proprieta | - |
| | | FOC Interval | | | | | | | | | 10.0 | 8.8 | 9.8 | 11.8 |
| | | Standard Deviation | | | | | | | | | 2.9 | 0.7 | 3.1 | 2.9 |
| | Non-Affil. Carriers | Orders | | | | | | | | | *proprie | | *proprieta | |
| | | FOC Interval | | | | | | | | | 10.1 | 9.6 | 9.4 | 10.1 |
| | | Standard Deviation | | | | | | | | | 2.9 | 2.7 | 2.8 | 3.0 |
|)S3 | 272 Affiliate | Orders | | | | | | | | | *proprie | tary* | *proprieta | ary* |
| | | FOC Interval | | | | | | | | | | | | |
| | | Standard Deviation | | | | | | | | | | | | |
| | Non-272 Affiliates | Orders | | | | | | | | | *proprie | tary* | *proprieta | ary* |
| | | FOC Interval | | | | | | | | | | | 11.0 | |
| | | Standard Deviation | | | | | | | | | | | 2.7 | |
| | Non-Affil. Carriers | Orders | | | | | | | | | *proprie | tary* | *proprieta | ary* |
| | | FOC Interval | | | | | | | | | 9.2 | 10.2 | 8.2 | 8.0 |
| | | Standard Deviation | | | | | | | | | 2.4 | 2.5 | 2.4 | 3.0 |
|)Cn | 272 Affiliate | Orders | | | | | | | | | *proprie | tary* | *proprieta | ary* |
| | | FOC Interval | | | | | | | | | | | | |
| | | Standard Deviation | | | | | | | | | | | | |
| | Non-272 Affiliates | Orders | | | | | | | | | *proprie | tary* | *proprieta | ary* |
| | | FOC Interval | | | | | | | | | | | | |
| | | Standard Deviation | | | | | | | | | | | | |
| | Non-Affil. Carriers | Orders | | | | | | | | | *proprie | tary* | *proprieta | ary* |
| | | FOC Interval | | | | | | | | | | | 12.2 | |
| | 1 | Standard Deviation | | | | | | | | | | | 2.7 | |

^{1./} Data Not Required for months shaded in grey.

^{2./ *** =} standard deviation not defined

| /erizor | n FOC Results Da | ata 2002 | | | | | | P | A (GT | E) | | | | |
|---------|---------------------|--------------------|--------|---------------|--------|---------------|--------|--------------|------------|------------|--------|---------|--------|--------|
| Service | Customer | Measure | Jan-02 | Feb-02 | Mar-02 | Apr-02 | May-02 | Jun-02 | Jul-02 | Aug-02 | Sep-02 | Oct-02 | Nov-02 | Dec-02 |
| S0 | 272 Affiliate | Orders | | *proprietary* | | *proprietary* | , | *proprietary | / * | *proprieta | ary* | *propri | etary* | |
| | | FOC Interval | | | | | | | | | | | | |
| | | Standard Deviation | | | | | | | | | | | | |
| | Non-272 Affiliates | Orders | | *proprietary* | | *proprietary* | , | *proprietary | / * | *proprieta | ary* | *propri | etary* | |
| | | FOC Interval | | | | | | | | | | | | |
| | | Standard Deviation | | | | | | | | | | | | |
| | Non-Affil. Carriers | Orders | | *proprietary* | | *proprietary* | , | *proprietary | / * | *proprieta | ary* | *propri | etary* | |
| | | FOC Interval | 1.2 | 0.3 | 0.0 | 0.3 | 0.7 | 0.2 | 0.1 | 8.0 | 0.6 | 0.2 | 0.2 | 0.3 |
| | | Standard Deviation | 2.4 | 0.8 | 0.2 | 0.6 | 1.7 | 0.5 | 0.3 | 1.6 | 2.0 | 0.5 | 0.4 | 0.6 |
| S1 | 272 Affiliate | Orders | | *proprietary* | | *proprietary* | • | *proprietary | / * | *proprieta | ary* | *propri | etary* | |
| | | FOC Interval | | | | | | | | | | | 0.5 | |
| | | Standard Deviation | | | | | | | | | | | 0.7 | |
| | Non-272 Affiliates | Orders | | *proprietary* | | *proprietary* | | *proprietary | / * | *proprieta | ary* | *propri | etary* | |
| | | FOC Interval | 1.0 | 1.4 | 0.2 | 0.4 | 0.1 | 1.8 | 0.0 | 8.0 | 0.3 | 0.5 | 0.0 | |
| | | Standard Deviation | 1.4 | 2.1 | 0.9 | 0.9 | 0.4 | 2.4 | *** | 1.2 | 0.6 | 0.7 | 0.0 | |
| | Non-Affil. Carriers | Orders | | *proprietary* | | *proprietary* | : | *proprietary | / * | *proprieta | ary* | *propri | etary* | |
| | | FOC Interval | 1.2 | 0.4 | 0.5 | 0.3 | 0.5 | 0.4 | 0.4 | 0.4 | 0.5 | 0.4 | 0.5 | 0.4 |
| | | Standard Deviation | 2.4 | 1.0 | 1.1 | 0.9 | 1.2 | 1.1 | 1.1 | 1.0 | 1.3 | 1.1 | 1.8 | 1.0 |
| S3 | 272 Affiliate | Orders | | *proprietary* | | *proprietary* | • | *proprietary | / * | *proprieta | ary* | *propri | etary* | |
| | | FOC Interval | | | | | | | | 0.5 | | | | |
| | | Standard Deviation | | | | | | | | 0.7 | | | | |
| | Non-272 Affiliates | Orders | | *proprietary* | | *proprietary* | | *proprietary | / * | *proprieta | ary* | *propri | etary* | |
| | | FOC Interval | | | | | | | | | | | | |
| | | Standard Deviation | | | | | | | | | | | | |
| | Non-Affil. Carriers | Orders | | *proprietary* | | *proprietary* | | *proprietary | / * | *proprieta | ary* | *propri | etary* | |
| | | FOC Interval | 2.0 | 1.9 | 1.7 | 2.9 | 0.8 | 2.3 | 2.1 | 8.0 | 1.4 | 1.5 | 1.0 | 0.0 |
| | | Standard Deviation | 2.7 | 2.1 | 2.8 | 5.2 | 1.3 | 2.6 | 2.2 | 1.0 | 1.8 | 1.0 | 1.4 | 0.0 |
| Cn | 272 Affiliate | Orders | | *proprietary* | | *proprietary* | | *proprietary | / * | *proprieta | ary* | *propri | etary* | |
| | | FOC Interval | | | | | | | | | | | | |
| | | Standard Deviation | | | | | | | | | | | | |
| | Non-272 Affiliates | Orders | | *proprietary* | | *proprietary* | | *proprietary | / * | *proprieta | ary* | *propri | etary* | |
| | | FOC Interval | 0.0 | | | | | | | | | | | |
| | | Standard Deviation | *** | | | | | | | | | | | |
| | Non-Affil. Carriers | Orders | | *proprietary* | | *proprietary* | , | *proprietary | / * | *proprieta | ary* | *propri | etary* | |
| | | FOC Interval | | | 0.0 | | 1.0 | 0.0 | 1.0 | 0.0 | 0.0 | | 0.0 | |
| | | Standard Deviation | | | *** | | *** | *** | *** | 0.0 | *** | | *** | |

^{1./} Data Not Required for months shaded in grey.

^{2./ *** =} standard deviation not defined

| Verizo | on Access | Services Install | ed 2001 | | | | | | PA (GTE) | | | | | |
|---------|----------------|---------------------|---------|--------|--------|--------|--------|--------|----------|--------|---------------|---------------|---------------|---------------|
| Service | Measure | Customer | Jan-01 | Feb-01 | Mar-01 | Apr-01 | May-01 | Jun-01 | Jul-01 | Aug-01 | Sep-01 | Oct-01 | Nov-01 | Dec-01 |
| DS0 | | 272 Affiliate | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| DS1 | | 272 Affiliate | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| DS3 | | 272 Affiliate | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | Order Volumes | Non-272 Affiliates | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| OCn | | 272 Affiliate | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| DS0 | Avg Inst. Int. | 272 Affiliate | | | | | | | | | | | | |
| | (Days) | Non-272 Affiliates | | | | | | | | | 11.5 | | | |
| | ()-/ | Non-Affil. Carriers | | | | | | | | | 26.0 | 19.0 | 18.4 | 21.3 |
| | Standard | 272 Affiliate | | | | | | | | | | | | |
| | Deviation | Non-272 Affiliates | | | | | | | | | 4.9 | | | |
| | | Non-Affil. Carriers | | | | | | | | | 14.4 | 8.7 | 12.2 | 7.1 |
| DS1 | Avg Inst. Int. | 272 Affiliate | | | | | | | | | | | | |
| | (Days) | Non-272 Affiliates | | | | | | | | | 31.5 | 38.3 | 15.0 | 45.0 |
| | , , , | Non-Affil. Carriers | | | | | | | | | 23.4 | 23.4 | 22.2 | 32.4 |
| | Standard | 272 Affiliate | | | | | | | | | | | | - |
| | Deviation | Non-272 Affiliates | | | | | | | | | 22.1 | 47.0 | *** | *** |
| | | Non-Affil. Carriers | | | | | | | | | 16.8 | 22.1 | 12.4 | 16.6 |
| DS3 | Avg Inst. Int. | 272 Affiliate | | | | | | | | | | | | |
| | (Days) | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | | | 60.5 | 21.0 | 9.5 | |
| | Standard | 272 Affiliate | | | | | | | | | | | | |
| | Deviation | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | | | 44.5 | 12.1 | 10.8 | |
| OCn | Avg Inst. Int. | 272 Affiliate | | | | | | | | | | | | |
| | (Days) | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | | | | - | | |
| | Standard | 272 Affiliate | | | | | | | | | | | | |
| | Deviation | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | | | | | | |

| Verizo | n Access | Services Install | ed 2001 | | | | | | PA (GTE) | | | | | |
|---------|-------------|---------------------|---------|--------|--------|--------|--------|--------|----------|--------|--------|--------|--------|--------|
| Service | Measure | Customer | Jan-01 | Feb-01 | Mar-01 | Apr-01 | May-01 | Jun-01 | Jul-01 | Aug-01 | Sep-01 | Oct-01 | Nov-01 | Dec-01 |
| DS0 | | 272 Affiliate | | | | | | | | | | | | |
| | | Non-272 Affiliates | | | | | | | | | 100.0 | | | |
| | | Non-Affil. Carriers | | | | | | | | | 94.9 | 91.9 | 92.3 | 100.0 |
| DS1 | | 272 Affiliate | | | | | | | | | | | | |
| | | Non-272 Affiliates | | | | | | | | | 93.3 | 100.0 | 100.0 | 100.0 |
| | | Non-Affil. Carriers | | | | | | | | | 83.9 | 79.4 | 91.2 | 91.4 |
| DS3 | | 272 Affiliate | | | | | | | | | | | | |
| | Percent Met | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | | | 100.0 | 100.0 | 100.0 | |
| OCn | | 272 Affiliate | | | | | | | | | | | | |
| | | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |

- Notes:
 1./ Data Not Required for months shaded in grey.
 2./ Installation Data excludes CNRs.
 3./ FG D Data Not Required for 2001.
 4./ *** = standard deviation not defined

| Verizo | n Access | Services Install | ed 2002 | | | | | | PA (GTE) | | | | | |
|---------|----------------|--------------------------------------|---------------|---------------|---------------|---------------|---------------|----------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Service | Measure | Customer | Jan-02 | Feb-02 | Mar-02 | Apr-02 | May-02 | Jun-02 | Jul-02 | Aug-02 | Sep-02 | Oct-02 | Nov-02 | Dec-02 |
| FG D | | 272 Affiliate | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| DS0 | | 272 Affiliate | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| DS1 | | 272 Affiliate | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | Order Volumes | Non-Affil. Carriers | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| DS3 | Oraci rolamoo | 272 Affiliate | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| D00 | | Non-272 Affiliates | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| OCn | | 272 Affiliate | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| OCII | | Non-272 Affiliates | *proprietary* | *proprietary* | | *proprietary* | | *proprietary* | | *proprietary* | | *proprietary* | | *proprietary* |
| | | Non-Affil. Carriers | | | *proprietary* | | *proprietary* | | *proprietary* | | *proprietary* | | *proprietary* | |
| FG D | Averland Ind | 272 Affiliate | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* 9.0 | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| FGD | Avg Inst. Int. | | | | | 13.1 | | | | 29.0 | 37.0 | 18.0 | 42.0 | 42.0 |
| | (Days) | Non-272 Affiliates | 20.6 | 15.9 | 12.4 | 16.4 | 10.8 | 18.0 | | 7.0 | | 14.0 | | 11.7 |
| | 01 1 1 | Non-Affil. Carriers 272 Affiliate | 17.5 | 29.2 | 21.8 | 20.0 4.3 | 22.3 | 21.6 | 17.4 | 24.8 1.7 | 19.8 0.0 | 16.5 5.7 | 17.9 | 20.1 7.1 |
| | Standard | | | | | | | | | | | | | |
| | Deviation | Non-272 Affiliates | 15.3 | 7.4 | 5.8 | 13.5 | 4.6 | 5.2 | | 0.0 | | 0.0 | | 4.8 |
| DCO | Averland Ind | Non-Affil. Carriers | 14.6 | 27.8 | 17.6 | 14.8 | 31.9 | 10.8 | 13.0 | 13.9 | 14.8 | 7.2 | 8.9 | 14.2 |
| DS0 | Avg Inst. Int. | 272 Affiliate Non-272 Affiliates | - | | | | | | | | | | | |
| | (Days) | Non-Affil. Carriers | 22.7 | 17.0 | 20.3 | 16.6 | 19.3 | 14.5 | 23.0 | 15.8 | 15.3 | 14.9 | 17.8 | 21.8 |
| 1 | Standard | 272 Affiliate | | | 20.3 | | 19.5 | 14.5 | 23.0 | 15.6 | 15.5 | 14.9 | 17.0 | 21.0 |
| | Deviation | Non-272 Affiliates | | | | | | | | | | | | |
| | Deviation | Non-Affil. Carriers | 13.2 | 11.8 | 14.6 | 8.3 | 18.6 | 8.6 | 17.3 | 9.2 | 10.0 | 8.8 | 10.1 | 13.3 |
| DS1 | Avg Inst. Int. | 272 Affiliate | 13.2 | | | | | | | 9.2 | | | | 18.0 |
| ופט | • | Non-272 Affiliates | 15.0 | 49.8 | 14.6 | 40.7 | 21.6 | 69.7 | 7.0 | 40.7 | 29.3 | 45.2 | 46.3 | 16.0 |
| | (Days) | Non-Affil. Carriers | 30.5 | 49.8 26.2 | 23.6 | 40.7 21.7 | 22.8 | 25.0 | 22.0 | 40.7 19.2 | 29.3 20.6 | 45.2 16.2 | 46.3 17.0 | 17.9 |
| | Standard | 272 Affiliate | | | | Z1.1 | | | | 19.2 | 20.0 | | | 2.8 |
| | Deviation | Non-272 Affiliates | 21.2 | 20.5 | 17.0 | 27.8 | 25.2 | 31.4 | 0.0 | 25.9 | 13.9 | 27.3 | 48.2 | 2.0 |
| | Deviation | Non-Affil. Carriers | 22.3 | 24.7 | 25.2 | 20.7 | 15.8 | 20.1 | 16.5 | 25.9 17.7 | 15.7 | 13.3 | 14.6 | 13.3 |
| DS3 | Avg Inst. Int. | 272 Affiliate | | | | 20.7 | | | 10.5 | 7.0 | | | | |
| DOS | (Days) | Non-272 Affiliates | | | | | | | | 7.0 | | | | |
| | (Days) | Non-Affil. Carriers | 19.0 | 38.7 | 48.2 | 40.3 | 18.0 | 47.0 | 64.5 | 31.3 | 40.0 | 13.8 | 37.0 | |
| 1 | Standard | 272 Affiliate | 19.0 | 30.7 | | | | 47.0 | 04.5 | 0.0 | 40.0 | 13.0 | 37.0 | |
| | | | | | | | | | | | | | | |
| | Deviation | Non-272 Affiliates | | | | | 47.5 | | | | | | | |
| 00. | | Non-Affil. Carriers | 8.3 | 20.4 | 36.0 | 16.7 | 17.5 | 55.5 | 2.1 | 19.0 | 39.5 | 2.1 | 19.1 | |
| OCn | Avg Inst. Int. | 272 Affiliate | | | | | | | | | | | | |
| | (Days) | Non-272 Affiliates | | | | | | | | | | | | |
| | 0, 1, 1 | Non-Affil. Carriers | | | | | | | | | | | | |
| | Standard | 272 Affiliate | | | | | | | | | | | | |
| | Deviation | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | | | | | | |

| Verizo | n Access | Services Install | ed 2002 | | | | | | PA (GTE) | | | | | |
|---------|-------------|---------------------|---------|--------|--------|--------|--------|--------|----------|--------|--------|--------|--------|--------|
| Service | Measure | Customer | Jan-02 | Feb-02 | Mar-02 | Apr-02 | May-02 | Jun-02 | Jul-02 | Aug-02 | Sep-02 | Oct-02 | Nov-02 | Dec-02 |
| FG D | | 272 Affiliate | | | | 100.0 | | 100.0 | | 100.0 | 100.0 | 100.0 | 0.0 | 100.0 |
| | | Non-272 Affiliates | 84.2 | 90.9 | 81.0 | 78.1 | 91.7 | 33.3 | | 100.0 | | 100.0 | | 100.0 |
| | | Non-Affil. Carriers | 87.0 | 85.5 | 85.4 | 74.5 | 90.2 | 98.0 | 99.2 | 96.6 | 98.7 | 91.7 | 91.7 | 98.6 |
| DS0 | | 272 Affiliate | - | | | | - | | | | | - | | |
| | | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | 78.1 | 84.6 | 81.3 | 96.0 | 94.7 | 100.0 | 98.3 | 77.8 | 89.3 | 95.2 | 79.2 | 87.0 |
| DS1 | | 272 Affiliate | - | | | | | | | | | | | 50.0 |
| | | Non-272 Affiliates | 100.0 | 50.0 | 88.9 | 71.4 | 84.2 | 66.7 | 100.0 | 100.0 | 100.0 | 90.0 | 100.0 | |
| | Percent Met | Non-Affil. Carriers | 77.7 | 83.3 | 78.0 | 84.5 | 84.1 | 81.9 | 78.6 | 83.1 | 86.1 | 85.9 | 91.4 | 86.0 |
| DS3 | | 272 Affiliate | - | | | | | | | 100.0 | | | | |
| | | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | 100.0 | 71.4 | 80.0 | 33.3 | 100.0 | 33.3 | 50.0 | 66.7 | 50.0 | 100.0 | 66.7 | |
| OCn | | 272 Affiliate | | | | | | | | | | | | |
| | | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | | | | | | |
| | | • | | | | | | | | | | | | |

Notes:
1./ Data Not Required for months shaded in grey.
2./ Installation Data excludes CNRs.
3./ FG D Data Not Required for 2001.
4./ *** = standard deviation not defined

272 Biennial Audit Summary Template Repair Measures

| Veriz | on Access | s Services 200 | 1 | | | | | | PA (GTE) | | | | | |
|---------|-----------------|---|--------|--------|--------|--------|--------|--------|----------|--------|---------------|---------------|---------------|---------------|
| Service | Measure | Customer | Jan-01 | Feb-01 | Mar-01 | Apr-01 | May-01 | Jun-01 | Jul-01 | Aug-01 | Sep-01 | Oct-01 | Nov-01 | Dec-01 |
| DS0 | | 272 Affiliate | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| DS1 | | 272 Affiliate | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| DS3 | | 272 Affiliate | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | Trouble Tickets | Non-272 Affiliates | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| OCn | | 272 Affiliate | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | | | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| DS0 | Avg Repair Int. | 272 Affiliate | | | | | | | | | | | | - |
| | (Hours) | Non-272 Affiliates | | | | | | | | | | | | |
| | , , | Non-Affil. Carriers | | | | | | | | | 2.7 | 4.5 | 2.6 | 4.2 |
| | Standard | 272 Affiliate | | | | | | | | | | | | |
| | Deviation | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | | | 2.2 | 5.3 | 2.6 | 4.2 |
| DS1 | 5 1 | 272 Affiliate | | | | | | | | | | | | |
| | (Hours) | Non-272 Affiliates | | | | | | | | | 3.2 | 1.3 | 1.1 | 6.4 |
| | | Non-Affil. Carriers | | | | | | | | | 3.5 | 4.6 | 4.7 | 4.5 |
| | Standard | 272 Affiliate | | | | | | | | | | | | |
| | Deviation | Non-272 Affiliates | | | | | | | | | 3.9 | 1.2 | 0.6 | 0.6 |
| | | Non-Affil. Carriers | | | | | | | | | 3.5 | 5.3 | 8.8 | 3.9 |
| DS3 | | 272 Affiliate | | | | | | | | | | | | |
| | (Hours) | Non-272 Affiliates | | | | | | | | | | | | |
| | Otenderd | Non-Affil. Carriers 272 Affiliate | | | | | | | | | 3.7 | | | 0.5 |
| | | Non-272 Affiliates | | | | | | | | | | | | |
| | Deviation | Non-2/2 Affiliates Non-Affil. Carriers | | | | | | | | | *** | | | *** |
| OCn | Avg Repair Int. | 272 Affiliate | | | | | | | | | | | | |
| OCII | (Hours) | Non-272 Affiliates | | | | | | | | | | | | |
| | (i iouis) | Non-Affil. Carriers | | | | | | | | | | | | |
| | Standard | 272 Affiliate | | | | | | | | | | | | |
| | Deviation | Non-272 Affiliates | | | | | | | | | | | | |
| | Deviation | Non-Affil. Carriers | | | | | | | | | | | | |
| | | / tim. Ourners | | | | | | | | | | | | - |
| Madaa | | | | | | | | | | | | | | |

Notes:
1./ Data Not Required for months shaded in grey.
2./ FG D Data Not Required for 2001.
3./ *** = standard deviation not defined

272 Biennial Audit Summary Template Repair Measures

| Verizo | on Access | Services 200 | 2 | | | | | | PA (GTE) | | | | | |
|---------|-----------------|---------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Service | Measure | Customer | Jan-02 | Feb-02 | Mar-02 | Apr-02 | May-02 | Jun-02 | Jul-02 | Aug-02 | Sep-02 | Oct-02 | Nov-02 | Dec-02 |
| FG D | | 272 Affiliate | *proprietary* |
| | | Non-272 Affiliates | *proprietary* |
| | | Non-Affil. Carriers | *proprietary* |
| DS0 | | 272 Affiliate | *proprietary* |
| | | Non-272 Affiliates | *proprietary* |
| | | Non-Affil. Carriers | *proprietary* |
| DS1 | | 272 Affiliate | *proprietary* |
| | | Non-272 Affiliates | *proprietary* |
| | Trouble Tickets | Non-Affil. Carriers | *proprietary* |
| DS3 | | 272 Affiliate | *proprietary* |
| | | Non-272 Affiliates | *proprietary* |
| | | Non-Affil. Carriers | *proprietary* |
| OCn | | 272 Affiliate | *proprietary* |
| | | Non-272 Affiliates | *proprietary* |
| | | Non-Affil. Carriers | *proprietary* |
| FG D | Avg Repair Int. | 272 Affiliate | | | | | | | | | | | | |
| . 0 5 | (Hours) | Non-272 Affiliates | | | 4.7 | 14.3 | | | | | | | | 3.6 |
| | (Flours) | Non-Affil. Carriers | 140.0 | 11.3 | 1.3 | 2.4 | 13.7 | 5.2 | 8.0 | 7.6 | 3.1 | 37.4 | 6.5 | 29.0 |
| | Standard | 272 Affiliate | | | | | | | | | | | | |
| | Deviation | Non-272 Affiliates | | | *** | *** | | | | | | | | *** |
| | | Non-Affil. Carriers | 439.5 | 16.7 | *** | 1.1 | 16.4 | 4.9 | 4.1 | 9.5 | 3.0 | 97.7 | 12.3 | 54.9 |
| DS0 | Avg Repair Int. | 272 Affiliate | | | | | | | | | | | | |
| | (Hours) | Non-272 Affiliates | 1.6 | | | | | | | | | | | |
| | (, | Non-Affil. Carriers | 2.2 | 2.7 | 3.0 | 3.3 | 3.5 | 3.1 | 3.2 | 3.7 | 3.0 | 2.4 | 3.9 | 4.8 |
| | Standard | 272 Affiliate | | | | | | | | | | | | |
| | Deviation | Non-272 Affiliates | *** | | | | | | | | | | | |
| | | Non-Affil. Carriers | 1.7 | 1.7 | 2.8 | 4.0 | 2.7 | 3.7 | 2.8 | 2.8 | 2.6 | 1.6 | 4.0 | 6.6 |
| DS1 | Avg Repair Int. | 272 Affiliate | | | | | | | | | | | | |
| | (Hours) | Non-272 Affiliates | 16.1 | | 2.9 | 2.6 | 2.9 | 5.2 | 6.5 | 3.4 | 2.5 | 7.1 | 4.9 | 8.0 |
| | , , | Non-Affil. Carriers | 4.2 | 4.1 | 3.8 | 4.0 | 3.4 | 3.4 | 5.4 | 4.0 | 4.2 | 3.3 | 3.9 | 6.1 |
| | Standard | 272 Affiliate | | | | - | | | | | | | | |
| | Deviation | Non-272 Affiliates | 13.5 | | 1.9 | 2.5 | 1.2 | 3.8 | 7.3 | 3.9 | 1.9 | 5.8 | 4.5 | 9.9 |
| | | Non-Affil. Carriers | 5.8 | 7.8 | 3.3 | 7.4 | 3.3 | 3.2 | 9.4 | 4.4 | 4.1 | 4.5 | 3.1 | 9.1 |
| DS3 | Avg Repair Int. | 272 Affiliate | | | | | | | | | | | 14.5 | |
| | (Hours) | Non-272 Affiliates | | | | | | | | | | 6.5 | | |
| [L | | Non-Affil. Carriers | | - | | - | | | 2.1 | 4.7 | 0.9 | | 4.1 | 3.0 |
| | Standard | 272 Affiliate | | | | | | | | | | | *** | |
| | Deviation | Non-272 Affiliates | | | | | | | | | | *** | | |
| | | Non-Affil. Carriers | | | | | | | 1.8 | 2.2 | *** | | *** | *** |
| OCn | Avg Repair Int. | 272 Affiliate | | | | | | | | | | | | |
| | (Hours) | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | | | | | | |
| | Standard | 272 Affiliate | | | | | | | | | | | | |
| | Deviation | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | | - | | | | |
| Natao | | | | | | | | | | | | | | |

Notes:
1./ Data Not Required for months shaded in grey.
2./ FG D Data Not Required for 2001.
3./ *** = standard deviation not defined

VERIZON PENNSYLVANIA (fGTE) 272 AUDIT REPORT - 2001 PIC INTERVALS

| | | SEP | OCT | NOV | DEC |
|----------------|---------|---------------|---------------|---------------|---------------|
| 272 AFFILIATES | RECORDS | *Proprietary* | *Proprietary* | *Proprietary* | *Proprietary* |
| | PERCENT | 100.00% | 100.00% | 100.00% | 100.00% |
| NON-AFFILIATES | RECORDS | *Proprietary* | *Proprietary* | *Proprietary* | *Proprietary* |
| | PERCENT | 100.00% | 100.00% | 100.00% | 100.00% |

NOTES:

^{1.} This report represents data showing the Percent of Orders processed within a 24 hour period for carrier initiated files sent to Verizon by the Top 7 Long Distance carriers. This includes Verizon long distance carriers (272 Affiliates) and the other Top 6 carriers represented by the term Non-Affiliate. The "Percent of Orders" is defined as "the date in which the processed order is sent to the carrier" minus "the time the request was processed by SS". Intervals are measured in percentages.

VERIZON PENNSYLVANIA (fGTE) 272 AUDIT REPORT - 2002 PIC INTERVALS

| | | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC |
|----------------|---------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 272 AFFILIATES | RECORDS | *Proprietary* |
| | PERCENT | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 94.44% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| NON-AFFILIATES | RECORDS | *Proprietary* |
| | PERCENT | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |

NOTES:

^{1.} This report represents data showing the Percent of Orders processed within a 24 hour period for carrier initiated files sent to Verizon by the Top 7 Long Distance carriers. This includes Verizon long distance carriers (272 Affiliates) and the other Top 6 carriers represented by the term Non-Affiliate. The "Percent of Orders" is defined as "the date in which the processed order is sent to the carrier" minus "the time the request was processed by SS". Intervals are measured in percentages.

272 Biennial Audit Summary Template FOC Measure

| erizo: | n FOC Results Da | ata 2002 | | | | | | | RI | | | | | |
|---------|---------------------|--------------------|--------|--------|--------|------------|------------|------------|--------|--------|---------|--------|----------|--------|
| Service | | Measure | Jan-02 | Feb-02 | Mar-02 | Apr-02 | May-02 | Jun-02 | Jul-02 | Aug-02 | Sep-02 | Oct-02 | Nov-02 | Dec-02 |
| S0 | 272 Affiliate | Orders | | | * | proprietar | y* | *proprieta | ary* | *propr | ietary* | *prop | rietary* | |
| | | FOC Interval | | | | 1.0 | | | | | 2.0 | | | 1.5 |
| | | Standard Deviation | | | | *** | | | | | *** | | | 0.7 |
| | Non-272 Affiliates | Orders | | | * | proprietar | y* | *proprieta | ary* | *propr | ietary* | *prop | rietary* | |
| | | FOC Interval | | | | | | | | | | | | |
| | | Standard Deviation | | | | | | | | | | | | |
| | Non-Affil. Carriers | Orders | | | * | proprietar | y* | *proprieta | ary* | *propr | ietary* | *prop | rietary* | |
| | | FOC Interval | | | 1.9 | 1.9 | 2.0 | 1.4 | 1.4 | 1.0 | 1.7 | 1.9 | 1.8 | 1.9 |
| | | Standard Deviation | | | 2.3 | 2.4 | 1.4 | 0.9 | 1.4 | 1.0 | 2.7 | 2.1 | 1.4 | 1.6 |
| S1 | 272 Affiliate | Orders | | | * | proprietar | y* | *proprieta | ary* | *propr | ietary* | *prop | rietary* | |
| | | FOC Interval | | | 1.0 | | 2.0 | 1.0 | | | 0.3 | 1.0 | 1.3 | 0.7 |
| | | Standard Deviation | | | *** | | *** | 0.0 | | | 0.6 | 1.4 | 1.2 | 0.6 |
| | Non-272 Affiliates | Orders | | | * | proprietar | y* | *proprieta | ary* | *propr | ietary* | *prop | rietary* | |
| | | FOC Interval | | | 13.3 | 2.5 | 1.0 | | 2.0 | 1.3 | 3.0 | 0.1 | 8.7 | |
| | | Standard Deviation | | | 13.8 | 2.1 | *** | | 0.0 | 1.0 | 1.0 | 0.4 | 15.9 | |
| | Non-Affil. Carriers | Orders | | | * | proprietar | V * | *proprieta | ary* | *propr | ietary* | *prop | rietary* | |
| | | FOC Interval | | | 2.0 | 3.8 | 1.5 | 2.4 | 2.1 | 1.2 | 1.3 | 1.9 | 2.1 | 1.3 |
| | | Standard Deviation | | | 2.5 | 4.7 | 1.9 | 7.4 | 2.6 | 4.0 | 1.3 | 6.9 | 4.1 | 2.3 |
| S3 | 272 Affiliate | Orders | | | * | proprietar | y * | *proprieta | ary* | *propr | ietary* | *prop | rietary* | |
| | | FOC Interval | | | | · | | | | ' | | | 1.0 | |
| | | Standard Deviation | | | | | | | | | | | *** | |
| | Non-272 Affiliates | Orders | | | * | proprietar | ٧* | *proprieta | ary* | *propr | ietary* | *prop | rietary* | |
| | | FOC Interval | | | 4.0 | · | | | | ' | | 3.0 | | |
| | | Standard Deviation | | | *** | | | | | | | *** | | |
| | Non-Affil. Carriers | Orders | | | * | proprietar | ٧* | *proprieta | ary* | *propr | ietary* | *prop | rietary* | |
| | | FOC Interval | | | 3.0 | 3.8 | 3.0 | 12.5 | 1.4 | 1.7 | 3.0 | 0.0 | | 1.3 |
| | | Standard Deviation | | | 2.4 | 3.3 | 3.1 | 17.7 | 1.1 | 0.8 | 2.8 | *** | | 0.5 |
| Cn | 272 Affiliate | Orders | | | * | proprietar | V* | *proprieta | arv* | *propr | ietary* | *prop | rietary* | |
| | | FOC Interval | | | | | | | | | | | | |
| | | Standard Deviation | | | | | | | | | | | | |
| | Non-272 Affiliates | Orders | | | * | proprietar | V* | *proprieta | ary* | *propr | ietary* | *prop | rietary* | |
| | | FOC Interval | | | | | | | | | | | | |
| | | Standard Deviation | | | | | | | | | | | | |
| | Non-Affil. Carriers | Orders | | | * | proprietar | V* | *proprieta | arv* | *propr | ietary* | *prop | rietary* | |
| | | FOC Interval | | | ' | | | | | | | | | |
| | | Standard Deviation | | | | | _ | | | | | | | |

Notes:

^{1./} Data Not Required for months shaded in grey.

^{2./ *** =} standard deviation not defined

| Verize | on Access | Services Instal | led 2002 | | | | | | RI | | | | | |
|---------|----------------|---|----------|--------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Service | Measure | Customer | Jan-02 | Feb-02 | Mar-02 | Apr-02 | May-02 | Jun-02 | Jul-02 | Aug-02 | Sep-02 | Oct-02 | Nov-02 | Dec-02 |
| FG D | | 272 Affiliate | | | *proprietary* |
| | | Non-272 Affiliates | | | *proprietary* |
| | | Non-Affil. Carriers | | | *proprietary* |
| DS0 | | 272 Affiliate | | | *proprietary* |
| | | Non-272 Affiliates | | | *proprietary* |
| | | Non-Affil. Carriers | | | *proprietary* |
| DS1 | | 272 Affiliate | | | *proprietary* |
| | | Non-272 Affiliates | | | *proprietary* |
| | Order Volumes | Non-Affil. Carriers | | | *proprietary* |
| DS3 | | 272 Affiliate | | | *proprietary* |
| | | Non-272 Affiliates | | | *proprietary* |
| | | Non-Affil. Carriers | | | *proprietary* |
| OCn | | 272 Affiliate | | | *proprietary* |
| | | Non-272 Affiliates | | | *proprietary* |
| | | Non-Affil. Carriers | | | *proprietary* |
| FG D | Avg Inst. Int. | 272 Affiliate | | | 30.3 | | | | | | | | 30.3 | 44.0 |
| | (Days) | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | 50.5 | 12.5 | | | 24.0 | 39.0 | 23.3 | 19.3 | 16.0 | 21.6 |
| | Standard | 272 Affiliate | | | 0.5 | | | | | | | | 0.5 | *** |
| | Deviation | Non-272 Affiliates | | | | | | | *** | | | | | |
| DCO | A last lat | Non-Affil. Carriers | | | 60.4 | 4.9 7.0 | | - | | 15.6 | 10.1 | 8.9 19.0 | 1.8 | 11.2 |
| DS0 | Avg Inst. Int. | 272 Affiliate | | | | | | | | | | | | |
| | (Days) | Non-272 Affiliates Non-Affil. Carriers | | | 12.6 | 11.8 | 10.9 | 10.6 | 14.2 | 11.9 | 11.6 | 18.7 | 9.2 | 12.2 |
| | Standard | 272 Affiliate | | | 12.0 | 11.0 | 10.9 | | 14.2 | | | 10.7 | 9.2 | |
| | Deviation | Non-272 Affiliates | | | | | | | | | | | | |
| | Deviation | Non-Affil. Carriers | | | 12.1 | 4.6 | 4.0 | 4.3 | 7.2 | 6.6 | 7.2 | 10.3 | 3.2 | 9.0 |
| DS1 | Avg Inst. Int. | 272 Affiliate | | | 18.0 | | | 7.0 | | | | 10.0 | | 26.7 |
| | (Days) | Non-272 Affiliates | | | 26.3 | 26.0 | 3.0 | | | 18.0 | 28.7 | 25.5 | 44.0 | |
| | (Dayo) | Non-Affil, Carriers | | | 24.9 | 25.2 | 30.5 | 30.6 | 28.2 | 31.1 | 27.0 | 32.9 | 30.8 | 23.8 |
| | Standard | 272 Affiliate | | | *** | | | *** | | | | 0.0 | | 9.8 |
| | Deviation | Non-272 Affiliates | | | 10.3 | 19.7 | *** | | | 0.0 | 8.8 | 10.5 | 43.8 | |
| | | Non-Affil. Carriers | | | 17.1 | 19.7 | 22.2 | 23.0 | 18.9 | 29.1 | 17.3 | 22.2 | 38.2 | 13.1 |
| DS3 | Avg Inst. Int. | 272 Affiliate | | | | | | | | | | | | |
| | (Days) | Non-272 Affiliates | | | | 19.0 | | | | | | | | |
| | | Non-Affil. Carriers | | | 25.5 | | 17.5 | 21.0 | | 39.0 | 15.0 | 38.0 | 8.0 | |
| | Standard | 272 Affiliate | | | | | | | | | | | | |
| | Deviation | Non-272 Affiliates | | | | *** | | | | | | | | |
| | | Non-Affil. Carriers | | | 3.5 | | 0.7 | *** | | 29.6 | *** | *** | *** | |
| OCn | Avg Inst. Int. | 272 Affiliate | | | | | | | | | | | | |
| | (Days) | Non-272 Affiliates | | | | | | | | | | | | |
| | 01 1 1 | Non-Affil. Carriers | | | | | | | | | | - | | |
| | Standard | 272 Affiliate | | | | | | | | | | | | |
| | Deviation | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | | | - | | | |

| Verizo | n Access | Services Instal | led 2002 | | | | | | RI | | | | | |
|---------|-------------|---------------------|----------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Service | Measure | Customer | Jan-02 | Feb-02 | Mar-02 | Apr-02 | May-02 | Jun-02 | Jul-02 | Aug-02 | Sep-02 | Oct-02 | Nov-02 | Dec-02 |
| FG D | | 272 Affiliate | | | 100.0 | | | | | | | | 100.0 | 100.0 |
| | | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | 83.3 | 100.0 | | | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| DS0 | | 272 Affiliate | | | | 100.0 | | | | | | 100.0 | | |
| | | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | 100.0 | 100.0 | 94.4 | 100.0 | 98.5 | 96.7 | 92.3 | 96.8 | 100.0 | 92.3 |
| DS1 | | 272 Affiliate | | | 100.0 | | | 100.0 | | | | 100.0 | | 100.0 |
| | | Non-272 Affiliates | | | 100.0 | 75.0 | 100.0 | | | 100.0 | 100.0 | 100.0 | 100.0 | |
| | Percent Met | Non-Affil. Carriers | | | 99.3 | 98.6 | 96.4 | 97.7 | 98.1 | 96.0 | 96.2 | 97.7 | 98.0 | 98.3 |
| DS3 | | 272 Affiliate | | | | | - | | | | | | | |
| | | Non-272 Affiliates | | | | 100.0 | | | | | | | | |
| | | Non-Affil. Carriers | | | 100.0 | | 100.0 | 100.0 | | 66.7 | 100.0 | 100.0 | 100.0 | |
| OCn | | 272 Affiliate | | | | | | | | | | | | |
| | | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |

Notes:
1./ Data Not Required for months shaded in grey.
2./ Installation Data excludes CNRs.
3./ *** = standard deviation not defined

272 Biennial Audit Summary Template Repair Measures

| Verizo | | Services 200 | | | | | | | RI | | | | | |
|---------|-----------------|---------------------|--------|--------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Service | Measure | Customer | Jan-02 | Feb-02 | Mar-02 | Apr-02 | May-02 | Jun-02 | Jul-02 | Aug-02 | Sep-02 | Oct-02 | Nov-02 | Dec-02 |
| FG D | | 272 Affiliate | | | *proprietary* |
| | | Non-272 Affiliates | | | *proprietary* |
| | | Non-Affil. Carriers | | | *proprietary* |
| DS0 | | 272 Affiliate | | | *proprietary* |
| | | Non-272 Affiliates | | | *proprietary* |
| | | Non-Affil. Carriers | | | *proprietary* |
| DS1 | | 272 Affiliate | | | *proprietary* |
| | | Non-272 Affiliates | | | *proprietary* |
| | Trouble Tickets | Non-Affil. Carriers | | | *proprietary* |
| DS3 | | 272 Affiliate | | | *proprietary* |
| | | Non-272 Affiliates | | | *proprietary* |
| | | Non-Affil. Carriers | | | *proprietary* |
| OCn | | 272 Affiliate | | | *proprietary* |
| | | Non-272 Affiliates | | | *proprietary* |
| | | Non-Affil, Carriers | | | *proprietary* |
| FG D | Avg Repair Int. | 272 Affiliate | | | | | | 1.2 | | | | | 1.2 | 5.7 |
| | (Hours) | Non-272 Affiliates | | | | | | | | | | | | |
| | () | Non-Affil. Carriers | | | | | 2.7 | | 3.3 | | 3.4 | | | |
| | Standard | 272 Affiliate | | | | | | 0.2 | | | | | *** | 7.1 |
| | Deviation | Non-272 Affiliates | | | | | | | | | | | | |
| | Doriation | Non-Affil. Carriers | | | | | *** | | 2.3 | | *** | | | |
| DS0 | Avg Repair Int. | 272 Affiliate | | | | | | | | | _ | | | 6.7 |
| 500 | (Hours) | Non-272 Affiliates | | | | | | | | | | | | |
| | (Hours) | Non-Affil. Carriers | | | 3.6 | 4.5 | 3.5 | 6.8 | 3.9 | 2.5 | 4.3 | 4.3 | 3.5 | 4.7 |
| - | Standard | 272 Affiliate | | | | | | | | | | | | *** |
| | Deviation | Non-272 Affiliates | | | | | | | | | | | | |
| | Deviation | Non-Affil. Carriers | | | 3.5 | 5.4 | 3.6 | 7.9 | 4.6 | 3.1 | 3.5 | 7.0 | 3.8 | 4.0 |
| DS1 | Avg Repair Int. | 272 Affiliate | | | | | 0.5 | | | | | | | |
| | (Hours) | Non-272 Affiliates | | | 5.8 | 3.5 | 11.7 | 7.3 | 3.4 | 3.3 | 4.9 | 4.4 | 9.0 | 2.5 |
| | (110410) | Non-Affil. Carriers | | | 5.0 | 4.5 | 4.4 | 6.0 | 3.7 | 4.6 | 4.6 | 4.9 | 6.4 | 3.4 |
| | Standard | 272 Affiliate | | | | | *** | | | | | | | |
| | Deviation | Non-272 Affiliates | | | 3.5 | 5.0 | 12.6 | 6.9 | 2.6 | 3.0 | 2.3 | 0.4 | 12.8 | 2.0 |
| | Doriation | Non-Affil. Carriers | | | 6.9 | 4.9 | 4.2 | 6.9 | 3.5 | 4.6 | 4.5 | 3.8 | 6.4 | 4.2 |
| DS3 | Avg Repair Int. | 272 Affiliate | | | | | | - | | | - | | | |
| | (Hours) | Non-272 Affiliates | | | | | | | 3.2 | | | | | |
| | () | Non-Affil. Carriers | | | 1.4 | | | | 4.7 | | 1.1 | 0.9 | | |
| ļ | Standard | 272 Affiliate | | | | | | | | | - | | | |
| | Deviation | Non-272 Affiliates | | | | | | | *** | | | | | |
| | | Non-Affil. Carriers | | | *** | | | | *** | | *** | *** | | |
| OCn | Avg Repair Int. | 272 Affiliate | | | | | | - | | | - | | | |
| | (Hours) | Non-272 Affiliates | | | | | | | | | | | | |
| | ·/ | Non-Affil. Carriers | | | | | | | | | | 0.0 | | |
| Ī | Standard | 272 Affiliate | | | | | | - | | | - | | | |
| | Deviation | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | | | | *** | | |
| | | | | | | | | | | | | | | |

Notes:

1./ Data Not Required for months shaded in grey.
2./ *** = standard deviation not defined

VERIZON RHODE ISLAND 272 AUDIT REPORT - 2002 PIC INTERVALS

| | | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC |
|-----------------------|-----------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 272 AFFILIATES | RECORDS | *Proprietary* |
| | INTERVAL | 0:47 | 0:30 | 2:39 | 18:34 | 1:38 | 2:18 | 2:03 | 3:12 | 1:01 | 1:01 |
| | STD. DEV. | 0.5 | 0.1 | 4.4 | 6.0 | 1.7 | 2.3 | 1.9 | 1.5 | 1.9 | 1.6 |
| NON-AFFILIATES | RECORDS | *Proprietary* |
| | INTERVAL | 3:56 | 2:10 | 2:50 | 2:42 | 3:59 | 2:58 | 2:26 | 1:57 | 1:55 | 2:45 |
| | STD. DEV. | 7.7 | 2.1 | 2.6 | 3.0 | 6.2 | 2.7 | 2.2 | 1.8 | 1.9 | 2.4 |

NOTES:

^{1.} This report represents data showing the Average PIC Interval for carrier initiated files sent to Verizon by the long distance carriers. This includes Verizon long distance carriers(272 Affiliates) and the top 6 carriers represented by the term Non-Affiliates. The "PIC Interval" is defined as "the time a PIC change is completed in the switch " minus "the time the request was received by XEA". Each incoming file is time stamped when XEA picks it up for processing. Intervals are measured in Hrs:Mins.

272 Biennial Audit Summary Template FOC Measure

| Service | 1 FOC Results Da | Measure | Jan-02 | Feb-02 | Mar-02 | Apr-02 | May-02 | Jun-02 | VT 2 Jul-02 | Aug-02 | Sep-02 | Oct-02 | Nov-02 | Dec-02 |
|---------|---------------------|--------------------|---------|---------|----------|--------|--------------|--------|-----------------------|--------|------------|--------|------------|----------|
| OSO | 272 Affiliate | Orders | 0011 0Z | 1 00 02 | IVIGI OZ | | *proprietary | | *proprietary | | *proprieta | | *proprieta | |
| | 272711111010 | FOC Interval | | | | | | | | | | · , | | <i>,</i> |
| | | Standard Deviation | | | | | | | | | | | | |
| | Non-272 Affiliates | Orders | | | | | *proprietary | * | *proprietary | * | *proprieta | rv* | *proprieta | arv* |
| | | FOC Interval | | | | | | | | | | | | , |
| | | Standard Deviation | | | | | | | | | | | | |
| | Non-Affil. Carriers | Orders | | | | | *proprietary | * | *proprietary | * | *proprieta | rv* | *proprieta | arv* |
| | | FOC Interval | | | | 2.1 | 1.3 | 1.2 | 1.5 | 1.1 | 1.3 | 1.4 | 3.1 | 1.0 |
| | | Standard Deviation | | | | 1.2 | 1.1 | 1.0 | 1.1 | 0.9 | 0.8 | 1.6 | 3.0 | 1.3 |
| DS1 | 272 Affiliate | Orders | | | | | *proprietary | | *proprietary | * | *proprieta | rv* | *proprieta | arv* |
| | | FOC Interval | | | | | | | | | | | | |
| | | Standard Deviation | | | | | | | | | | | | |
| | Non-272 Affiliates | Orders | | | | | *proprietary | * | *proprietary | * | *proprieta | rv* | *proprieta | ary* |
| | | FOC Interval | | | | | 0.0 | 2.4 | 0.0 | 1.5 | 2.0 | 0.8 | 2.5 | 10.0 |
| | | Standard Deviation | | | | | *** | 2.0 | *** | 0.7 | 1.6 | 0.8 | 0.7 | *** |
| | Non-Affil. Carriers | Orders | | | | | *proprietary | * | *proprietary | * | *proprieta | rv* | *proprieta | ary* |
| | | FOC Interval | | | | 1.8 | 2.3 | 0.9 | 2.4 | 1.2 | 0.8 | 2.1 | 1.8 | 1.9 |
| | | Standard Deviation | | | | 2.0 | 4.6 | 0.9 | 8.5 | 1.8 | 1.0 | 5.0 | 2.3 | 5.2 |
| DS3 | 272 Affiliate | Orders | | | | | *proprietary | * | *proprietary | * | *proprieta | ry* | *proprieta | ary* |
| | | FOC Interval | | | | | | | - | | | - | | |
| | | Standard Deviation | | | | | | | | | | | | |
| | Non-272 Affiliates | Orders | | | | | *proprietary | * | *proprietary | * | *proprieta | ry* | *proprieta | ary* |
| | | FOC Interval | | | | | | | | | | | | |
| | | Standard Deviation | | | | | | | | | | | | |
| | Non-Affil. Carriers | Orders | | | | | *proprietary | * | *proprietary | * | *proprieta | ry* | *proprieta | ary* |
| | | FOC Interval | | | | 0.0 | 3.0 | 3.0 | 1.0 | 1.5 | 1.0 | 3.0 | | 2.8 |
| | | Standard Deviation | | | | 0.0 | 0.0 | *** | 0.0 | 0.7 | *** | 0.0 | | 1.3 |
| OCn . | 272 Affiliate | Orders | | | | | *proprietary | * | *proprietary | * | *proprieta | ry* | *proprieta | ary* |
| | | FOC Interval | | | | | - | | | | | | | |
| | | Standard Deviation | | | | | | | | | | | | |
| | Non-272 Affiliates | Orders | | | | | *proprietary | * | *proprietary | * | *proprieta | ry* | *proprieta | ary* |
| | | FOC Interval | | | | | | | | | | | | |
| | | Standard Deviation | | | | | | | | | | | | |
| | Non-Affil. Carriers | Orders | | | | | *proprietary | * | *proprietary | * | *proprieta | ry* | *proprieta | ary* |
| | | FOC Interval | | | | | | | | | | | | |
| | ĺ | Standard Deviation | | | | I | | | | | | | | |

Notes:

^{1./} Data Not Required for months shaded in grey.

^{2./ *** =} standard deviation not defined

| Verize | on Access | Services Instal | led 2002 | | | | | | VT | | | | | |
|---------|----------------|---------------------|----------|--------|--------|---------------|---------------|---------------|---------------|-----------------|---------------|-----------------|-----------------|---------------|
| Service | | Customer | Jan-02 | Feb-02 | Mar-02 | Apr-02 | May-02 | Jun-02 | Jul-02 | Aug-02 | Sep-02 | Oct-02 | Nov-02 | Dec-02 |
| FG D | | 272 Affiliate | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil, Carriers | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| DS0 | | 272 Affiliate | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| DS1 | | 272 Affiliate | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | Order Volumes | Non-Affil, Carriers | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| DS3 | | 272 Affiliate | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| OCn | | 272 Affiliate | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| 0011 | | Non-272 Affiliates | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| FG D | Avg Inst. Int. | 272 Affiliate | | | | proprietary | | | | proprietary | | proprietary | proprietary | |
| 100 | • | Non-272 Affiliates | | | | | | | | | | | | |
| | (Days) | Non-Affil. Carriers | | | | 23.4 | 68.7 | 30.0 | | 18.2 | 21.5 | 16.5 | 32.7 | 21.2 |
| | Standard | 272 Affiliate | | | | | | | | | | | JZ.1 | 21.2 |
| | | Non-272 Affiliates | | | | | | | | | | | | |
| | Deviation | Non-Affil. Carriers | | | | 3.2 | 81.4 | 21.3 | | 3.4 | 8.8 | 5.3 | 28.9 | 9.7 |
| DS0 | Avg Inst. Int. | 272 Affiliate | | | | | | | | | | | | |
| 500 | | Non-272 Affiliates | | | | | | | | | | | | |
| | (Days) | Non-Affil, Carriers | | | | 14.6 | 10.6 | 12.7 | 9.3 | 13.2 | 13.2 | 15.5 | 13.3 | 9.6 |
| | Standard | 272 Affiliate | | | | | | | | | | | | |
| | | Non-272 Affiliates | | | | | | | | | | | | |
| | Doviduon | Non-Affil, Carriers | | | | 6.6 | 5.9 | 2.9 | 2.1 | 8.3 | 5.6 | 7.3 | 11.5 | 3.4 |
| DS1 | Avg Inst. Int. | 272 Affiliate | | | | | | | | | | | | |
| | | Non-272 Affiliates | | | | 51.0 | 53.0 | | 47.0 | | 7.0 | 46.0 | 15.0 | 15.0 |
| | (,-) | Non-Affil. Carriers | | | | 19.8 | 20.8 | 19.6 | 19.9 | 34.9 | 22.5 | 29.4 | 30.0 | 25.0 |
| | Standard | 272 Affiliate | | | | | | | | | | | | |
| | Deviation | Non-272 Affiliates | | | | 5.7 | 8.5 | | 53.7 | | *** | 34.3 | 0.0 | *** |
| | | Non-Affil. Carriers | | | | 16.4 | 18.5 | 18.1 | 27.0 | 35.8 | 20.4 | 32.7 | 46.7 | 35.1 |
| DS3 | Avg Inst. Int. | 272 Affiliate | | | | | | | | | | | | |
| | (Days) | Non-272 Affiliates | | | | | | | | | | | | |
| | . , , | Non-Affil. Carriers | | | | | 21.0 | | 40.0 | | 11.5 | | | |
| | Standard | 272 Affiliate | | | | | | | | | | | | |
| | Deviation | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | *** | | *** | | 6.4 | | | |
| OCn | Avg Inst. Int. | 272 Affiliate | | | | | | | | | | | | |
| | (Days) | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | | | | | | |
| | Standard | 272 Affiliate | | | | | | | | | | | | |
| | Deviation | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | | | | | | |

| Verizo | on Access | Services Instal | led 2002 | | | | | | VT | | | | | |
|---------|-------------|---------------------|----------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Service | Measure | Customer | Jan-02 | Feb-02 | Mar-02 | Apr-02 | May-02 | Jun-02 | Jul-02 | Aug-02 | Sep-02 | Oct-02 | Nov-02 | Dec-02 |
| FG D | | 272 Affiliate | | | | | | | | | | | | |
| | | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | 100.0 | 100.0 | 100.0 | | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| DS0 | | 272 Affiliate | | | | | | | | | | | | |
| | | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | 100.0 | 100.0 | 76.9 | 100.0 | 92.9 | 97.3 | 86.7 | 90.9 | 100.0 |
| DS1 | | 272 Affiliate | | | | | | | | | | | | |
| | | Non-272 Affiliates | | | | 100.0 | 100.0 | | 100.0 | | 100.0 | 100.0 | 100.0 | 100.0 |
| | Percent Met | Non-Affil. Carriers | | | | 92.0 | 92.2 | 97.8 | 91.2 | 92.2 | 89.4 | 97.4 | 100.0 | 100.0 |
| DS3 | | 272 Affiliate | | | | | | | | | | | | |
| | | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | 100.0 | | 100.0 | | 100.0 | | | |
| OCn | | 272 Affiliate | | | | | | - | | | | | - | |
| | | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | | | | | | |
| i i | | • | | | | | | | | | | | | |

Notes:
1./ Data Not Required for months shaded in grey.
2./ Installation Data excludes CNRs.
3./ *** = standard deviation not defined

272 Biennial Audit Summary Template Repair Measures

| Verizo | on Access | Services 2002 | 2 | | | | | | VT | | | | | |
|---------|-----------------------|--------------------------------------|--------|--------|--------|---------------|-----------------|-----------------|---------------|-----------------|-----------------|---------------|-----------------|---------------|
| Service | Measure | Customer | Jan-02 | Feb-02 | Mar-02 | Apr-02 | May-02 | Jun-02 | Jul-02 | Aug-02 | Sep-02 | Oct-02 | Nov-02 | Dec-02 |
| FG D | | 272 Affiliate | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| DS0 | | 272 Affiliate | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| DS1 | | 272 Affiliate | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | Trouble Tickets | Non-Affil. Carriers | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| DS3 | | 272 Affiliate | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| 500 | | Non-272 Affiliates | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| OCn | | 272 Affiliate | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| 00 | | Non-272 Affiliates | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* | *proprietary* |
| FG D | Avg Repair Int. | 272 Affiliate | | | | proprietary | proprietary | proprietary | | proprietary | proprietary | proprietary | proprietary | proprietary |
| 100 | (Hours) | Non-272 Affiliates | | | | | | | | | | | | |
| | (Hours) | Non-Affil. Carriers | | | | | | | | 2.4 | 1.3 | | 2.2 | |
| | Standard | 272 Affiliate | | | | | | | 1.3 | | 1.3 | 3.4 | 2.2 | |
| | | | | | | | | | | | | | | |
| | Deviation | Non-272 Affiliates | | | | | | | *** | | *** | *** | *** | |
| | | Non-Affil. Carriers | | | | | | | | 0.7 | | *** | | |
| DS0 | | 272 Affiliate | | | | - | | | | | | | | |
| | (Hours) | Non-272 Affiliates | | | | | | | | | | | | |
| - | 0 | Non-Affil. Carriers | | | | 3.7 | 4.0 | 3.7 | 2.8 | 4.5 | 4.1 | 4.8 | 2.8 | 5.2 |
| | Standard | 272 Affiliate | | | | - | | | | - | | | | |
| | Deviation | Non-272 Affiliates | | | | | | | | | | | | |
| D04 | 4 5 | Non-Affil. Carriers | | | | 4.4 | 7.8 | 3.7 | 3.0 | 4.0 | 4.8 | 5.1 | 2.5 | 5.5 |
| DS1 | Avg Repair Int. | 272 Affiliate | | | | | | | | | | | | - |
| | (Hours) | Non-272 Affiliates | | | | 3.7 | 0.6 | 4.4 | 4.6 | 2.5 | | 6.1 | | 2.8 |
| | Oteradend | Non-Affil. Carriers 272 Affiliate | | | | 3.4 | 5.5 | 4.0 | 7.0 | 5.4 | | 4.6 | 4.1 | 6.6 |
| | Standard Deviation | Non-272 Affiliates | | | | | | | | 0.7 | | | | |
| | Deviation | Non-Affil. Carriers | | | | 6.5 3.1 | 0.8 6.3 | 4.5 3.7 | 4.5 18.7 | 6.4 | | 3.8 3.3 | 5.2 | 2.6 15.6 |
| DS3 | Avg Repair Int. | 272 Affiliate | | | | | | | | | | | | |
| DOS | (Hours) | Non-272 Affiliates | | | | | | | | | | | | |
| | (Hours) | Non-Affil. Carriers | | | | 46.1 | 9.9 | | | | | | | |
| l | Standard | 272 Affiliate | | | | 40.1 | 9.9 | | | | | | | |
| | Deviation | Non-272 Affiliates | | | | | | | | | | | | |
| | Deviation | Non-Affil. Carriers | | | | *** | 4.0 | | | _ | | | | - |
| OCn | Avg Repair Int. | 272 Affiliate | | | | | 4.0 | | | | | | | |
| COII | (Hours) | Non-272 Affiliates | | | | | | | | | | | | |
| | (Hours) | Non-Affil. Carriers | | | | | | | | | | | | |
| | Ctandard | 272 Affiliate | | | | | | | | | | | | |
| | Standard Deviation | Non-272 Affiliates | | | | | | | | | | | | |
| | Deviation | Non-Affil. Carriers | | | | | | | | | | | | |
| | | INOH-AIIII. Carriers | | | | | | | | | | | | |
| Notos | | | | | | | | | | | | | | |

Notes:
1./ Data Not Required for months shaded in grey.
2./ *** = standard deviation not defined

VERIZON VERMONT 272 AUDIT REPORT - 2002 PIC INTERVALS

| | | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC |
|-----------------------|-----------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 272 AFFILIATES | RECORDS | *Proprietary* |
| | INTERVAL | 0:00 | 0:00 | 0:31 | 3:33 | 3:28 | 5:03 | 3:40 | 1:55 | 0:56 |
| | STD. DEV. | 0.0 | 0.0 | 0.1 | 4.9 | 0.9 | 22.5 | 0.4 | 1.6 | 0.6 |
| NON-AFFILIATES | RECORDS | *Proprietary* |
| | INTERVAL | 1:56 | 2:11 | 2:47 | 3:37 | 2:55 | 14:00 | 2:02 | 1:46 | 2:02 |
| | STD. DEV. | 1.8 | 2.0 | 4.5 | 6.3 | 2.8 | 73.8 | 2.0 | 1.6 | 1.7 |

NOTES:

^{1.} This report represents data showing the Average PIC Interval for carrier initiated files sent to Verizon by the long distance carriers. This includes Verizon long distance carriers(272 Affiliates) and the top 6 carriers represented by the term Non-Affiliates. The "PIC Interval" is defined as "the time a PIC change is completed in the switch " minus "the time the request was received by XEA". Each incoming file is time stamped when XEA picks it up for processing. Intervals are measured in Hrs:Mins.

272 Biennial Audit Summary Template FOC Measure

| Service | 1 FOC Results Da | Measure | Jan-02 | Feb-02 | Mar-02 | Apr-02 | May-02 | Jun-02 | Jul-02 | Aug-02 | Sep-02 | Oct-02 | Nov-02 | Dec-02 |
|---------|---------------------|--------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|------------|--------|
| DS0 | 272 Affiliate | Orders | | | | | , | | | 11.5 - | | | proprietar | v* |
| | | FOC Interval | | | | | | | | | | | | |
| | | Standard Deviation | | | | | | | | | | | | |
| | Non-272 Affiliates | Orders | | | | | | | | | | * | proprietar | y* |
| | | FOC Interval | | | | | | | | | | | | |
| | | Standard Deviation | | | | | | | | | | | | |
| | Non-Affil. Carriers | Orders | | | | | | | | | | * | proprietar | y* |
| | | FOC Interval | | | | | | | | | | 1.6 | 1.3 | 1.3 |
| | | Standard Deviation | | | | | | | | | | 1.9 | 1.8 | 1.6 |
| DS1 | 272 Affiliate | Orders | | | | | | | | | | * | proprietar | y* |
| | | FOC Interval | | | | | | | | | | 2.5 | | 3.0 |
| | | Standard Deviation | | | | | | | | | | 2.1 | | *** |
| | Non-272 Affiliates | Orders | | | | | | | | | | * | proprietar | y* |
| | | FOC Interval | | | | | | | | | | 5.4 | 2.4 | 1.3 |
| | | Standard Deviation | | | | | | | | | | 5.0 | 2.6 | 1.2 |
| | Non-Affil. Carriers | Orders | | | | | | | | | | * | proprietar | y* |
| | | FOC Interval | | | | | | | | | | 2.4 | 2.0 | 2.1 |
| | | Standard Deviation | | | | | | | | | | 2.3 | 1.7 | 1.9 |
| DS3 | 272 Affiliate | Orders | | | | | | | | | | * | proprietar | y* |
| | | FOC Interval | | | | | | | | | | 0.0 | 0.0 | 1.0 |
| | | Standard Deviation | | | | | | | | | | *** | *** | *** |
| | Non-272 Affiliates | Orders | | | | | | | | | | | proprietar | y* |
| | | FOC Interval | | | | | | | | | | 4.5 | 7.0 | |
| | | Standard Deviation | | | | | | | | | | 0.7 | *** | |
| | Non-Affil. Carriers | Orders | | | | | | | | | | | proprietar | |
| | | FOC Interval | | | | | | | | | | 4.0 | 2.7 | 2.2 |
| | | Standard Deviation | | | | | | | | | | 3.0 | 3.3 | 2.3 |
| Ocn | 272 Affiliate | Orders | | | | | | | | | | | proprietar | |
| | | FOC Interval | | | | | | | | | | 7.0 | 3.0 | 0.5 |
| | | Standard Deviation | | | | | | | | | | *** | *** | 0.7 |
| | Non-272 Affiliates | Orders | | | | | | | | | | * | proprietar | y* |
| | | FOC Interval | | | | | | | | | | | | |
| | | Standard Deviation | | | | | | | | | | | | |
| | Non-Affil. Carriers | Orders | | | | | | | | | | | proprietar | |
| | | FOC Interval | | | | | | | | | | 1.7 | 4.2 | 8.5 |
| | | Standard Deviation | | | | | | | | | | 3.6 | 2.9 | 10.2 |

Notes:

^{1./} Data Not Required for months shaded in grey.

^{2./ *** =} standard deviation not defined

| Veriz | on Access | Services Instal | led 2002 | | | | | | VA | | | | | |
|---------|----------------|--------------------------------------|----------|--------|--------|--------|--------|--------|--------|--------|--------|---------------|---------------|---------------|
| Service | Measure | Customer | Jan-02 | Feb-02 | Mar-02 | Apr-02 | May-02 | Jun-02 | Jul-02 | Aug-02 | Sep-02 | Oct-02 | Nov-02 | Dec-02 |
| FG D | | 272 Affiliate | | | | | | | | | • | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | | | | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | | | | | | | *proprietary* | *proprietary* | *proprietary* |
| DS0 | | 272 Affiliate | | | | | | | | | | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | | | | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | | | | | | | *proprietary* | *proprietary* | *proprietary* |
| DS1 | | 272 Affiliate | | | | | | | | | | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | | | | *proprietary* | *proprietary* | *proprietary* |
| | Order Volumes | Non-Affil. Carriers | | | | | | | | | | *proprietary* | *proprietary* | *proprietary* |
| DS3 | | 272 Affiliate | | | | | | | | | | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | | | | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | | | | | | | *proprietary* | *proprietary* | *proprietary* |
| OCn | | 272 Affiliate | | | | | | | | | | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | | | | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | | | | | | | *proprietary* | *proprietary* | *proprietary* |
| FG D | Avg Inst. Int. | 272 Affiliate | | | | | | | | | | | | 14.0 |
| | (Days) | Non-272 Affiliates | | | | | | | | | | 19.5 | 0.0 | 6.0 |
| | (- , - , | Non-Affil. Carriers | | | | | | | | | | 28.5 | 15.2 | 14.0 |
| | Standard | 272 Affiliate | | | | | | | | | | | - | *** |
| | Deviation | Non-272 Affiliates | | | | | | | | | | 6.5 | 0.6 | *** |
| | | Non-Affil. Carriers | | | | | | | | | | 16.1 | 11.8 | 5.8 |
| DS0 | Avg Inst. Int. | 272 Affiliate | | | | | | | | | | | | |
| | (Days) | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | | | | 11.7 | 11.7 | 24.3 |
| | Standard | 272 Affiliate | | | | | | | | | | | | |
| | Deviation | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | | | | 11.4 | 9.3 | 20.2 |
| DS1 | Avg Inst. Int. | 272 Affiliate | | | | | | | | | | | | |
| | (Days) | Non-272 Affiliates | | | | | | | | | | 18.5 | 22.5 | 31.6 |
| | | Non-Affil. Carriers | | | | | | | | | | 14.5 | 15.0 | 20.0 |
| | Standard | 272 Affiliate | | | | | | | | | | | | |
| | Deviation | Non-272 Affiliates | | | | | | | | | | 11.1 | 16.7 | 17.3 |
| DS3 | A last lat | Non-Affil. Carriers 272 Affiliate | | | | | | | | | | 10.9 34.6 | 9.4 | 17.6 |
| DSS | Avg Inst. Int. | Non-272 Affiliates | | | | | | | | | | | | |
| | (Days) | Non-Affil. Carriers | | | | | | | | | | 18.0 50.5 | 24.4 | 38.3 |
| | Standard | 272 Affiliate | | | | | | | | | | 3.1 | <u> </u> | 38.3 |
| | Deviation | Non-272 Affiliates | | | | | | | | | | 3.1 *** | | |
| | Deviation | Non-Affil. Carriers | | | | | | | | | | 50.6 | 16.0 | 39.2 |
| OCn | Avg Inst. Int. | 272 Affiliate | | | | | | | | | | 50.6 | | 39.Z |
| 3011 | (Days) | Non-272 Affiliates | | | | | | | | | | | | |
| | (Days) | Non-Affil. Carriers | | | | | | | | | | | 29.0 | 26.3 |
| | Standard | 272 Affiliate | | | | | | | | | | | | |
| | Deviation | Non-272 Affiliates | | | | | | | | | | | | |
| | Donation | Non-Affil. Carriers | | | | | | | | | | | 22.1 | 25.5 |
| | 1 | | | | | | | | | | | | | |

| Verizo | n Access | Services Instal | led 2002 | | | | | | VA | | | | | |
|---------|-------------|---------------------|----------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Service | Measure | Customer | Jan-02 | Feb-02 | Mar-02 | Apr-02 | May-02 | Jun-02 | Jul-02 | Aug-02 | Sep-02 | Oct-02 | Nov-02 | Dec-02 |
| FG D | | 272 Affiliate | | | | | | | | | | | | 100.0 |
| | | Non-272 Affiliates | | | | | | | | | | 100.0 | 47.1 | 100.0 |
| | | Non-Affil. Carriers | | | | | | | | | | 94.8 | 88.6 | 100.0 |
| DS0 | | 272 Affiliate | | | | | | | | | | | | |
| | | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | | | | 96.7 | 96.8 | 97.0 |
| DS1 | | 272 Affiliate | | | | | | | | | | | | |
| | | Non-272 Affiliates | | | | | | | | | | 95.8 | 84.1 | 89.7 |
| | Percent Met | Non-Affil. Carriers | | | | | | | | | | 97.8 | 96.8 | 97.4 |
| DS3 | | 272 Affiliate | | | | | | | | | | 0.0 | | |
| | | Non-272 Affiliates | | | | | | | | | | 100.0 | | |
| | | Non-Affil. Carriers | | | | | | | | | | 97.3 | 88.9 | 95.2 |
| OCn | | 272 Affiliate | | | | | | | | | | | | |
| | | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | | | | | 100.0 | 75.0 |
| | | | | | | | | | | | | | | |

- Notes:
 1./ Data Not Required for months shaded in grey.
 2./ Installation Data excludes CNRs.
 3./ *** = standard deviation not defined

272 Biennial Audit Summary Template Repair Measures

| | ,,, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,, | Services 2002 | 2 | | | | | | VA | | | | | |
|---------|---|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------------|---------------|---------------|
| Service | Measure | Customer | Jan-02 | Feb-02 | Mar-02 | Apr-02 | May-02 | Jun-02 | Jul-02 | Aug-02 | Sep-02 | Oct-02 | Nov-02 | Dec-02 |
| FG D | | 272 Affiliate | | | | | | | | | | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | | | | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | | | | | | | *proprietary* | *proprietary* | *proprietary* |
| DS0 | | 272 Affiliate | | | | | | | | | | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | | | | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | | | | | | | *proprietary* | *proprietary* | *proprietary* |
| DS1 | | 272 Affiliate | | | | | | | | | | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | | | | *proprietary* | *proprietary* | *proprietary* |
| | Trouble Tickets | Non-Affil. Carriers | | | | | | | | | | *proprietary* | *proprietary* | *proprietary* |
| DS3 | | 272 Affiliate | | | | | | | | | | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | | | | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | | | | | | | *proprietary* | *proprietary* | *proprietary* |
| OCn | | 272 Affiliate | | | | | | | | | | *proprietary* | *proprietary* | *proprietary* |
| | | Non-272 Affiliates | | | | | | | | | | *proprietary* | *proprietary* | *proprietary* |
| | | Non-Affil. Carriers | | | | | | | | | | *proprietary* | *proprietary* | *proprietary* |
| FG D | Avg Repair Int. | 272 Affiliate | | | | | | | | | | 4.7 | 0.1 | 3.6 |
| | (Hours) | Non-272 Affiliates | | | | | | | | | | 2.2 | 0.8 | 0.0 |
| | | Non-Affil. Carriers | | | | | | | | | | 2.3 | 1.7 | 3.1 |
| | Standard | 272 Affiliate | | | | | | | | | | *** | *** | *** |
| | Deviation | Non-272 Affiliates | | | | | | | | | | 0.4 | 0.4 | *** |
| | | Non-Affil. Carriers | | | | | | | | | | 2.7 | 3.3 | 2.5 |
| DS0 | Avg Repair Int. | 272 Affiliate | | | | | | | | | | | | |
| | (Hours) | Non-272 Affiliates | | | | | | | | | | | | |
| L | | Non-Affil. Carriers | | | | | | | | | | 2.8 | 4.6 | 2.8 |
| | Standard | 272 Affiliate | | | | | | | | | | | | |
| | Deviation | Non-272 Affiliates | | | | | | | | | | | | |
| | | Non-Affil. Carriers | | | | | | | | | | 3.9 | 5.6 | 3.4 |
| DS1 | Avg Repair Int. | 272 Affiliate | | | | | | | | | | | | |
| | (Hours) | Non-272 Affiliates | | | | | | | | | | 2.7 | | 3.2 |
| L | | Non-Affil. Carriers | | | | | | | | | | 3.2 | 3.4 | 3.2 |
| | Standard | 272 Affiliate | | | | | | | | | | | | |
| | Deviation | Non-272 Affiliates | | | | | | | | | | 5.1 | | 3.7 |
| 200 | | Non-Affil. Carriers | | | | | | | | | | 4.6 | 4.6 | 3.9 |
| DS3 | Avg Repair Int. | 272 Affiliate | | | | | | | | | | 3.5 | | |
| | (Hours) | Non-272 Affiliates | | | | | | | | | | 0.0 | | 1.0 |
| F | Ctandard | Non-Affil. Carriers 272 Affiliate | | | | | | | | | | 3.1 | 2.4 | 2.0 |
| | Standard | Non-272 Affiliates | | | | | | | | | | *** | | *** |
| | Deviation | Non-2/2 Affiliates Non-Affil. Carriers | | | | | | | | | | 3.7 | 3.3 | 2.8 |
| OCn | Avg Repair Int. | 272 Affiliate | | | | | | | | | | 3.7 | 3.3 | Z.0 |
| JOI1 | (Hours) | Non-272 Affiliates | | | | | | | | | | | | |
| | (i iouis) | Non-Affil. Carriers | | | | | | | | | | 0.4 | 0.9 | 10.3 |
| - | Standard | 272 Affiliate | | | | | | | | | | | 0.9 | |
| | Deviation | Non-272 Affiliates | | | | | | | | | | | | |
| | Deviation | Non-Affil. Carriers | | | | | | | | | | 0.3 | 0.8 | *** |
| | | | | | | | | | | | | 0.0 | 0.0 | |

Notes:

1./ Data Not Required for months shaded in grey.

2./ *** = standard deviation not defined

VERIZON VIRGINIA 272 AUDIT REPORT - 2002 PIC INTERVALS

| | | NOV | DEC |
|----------------|-----------|---------------|---------------|
| 272 AFFILIATES | RECORDS | *Proprietary* | *Proprietary* |
| | INTERVAL | 0:41 | 0:36 |
| | STD. DEV. | 0.2 | 0.2 |
| NON-AFFILIATES | RECORDS | *Proprietary* | *Proprietary* |
| | INTERVAL | 1:41 | 1:49 |
| | STD. DEV. | 1.7 | 1.9 |

NOTES:

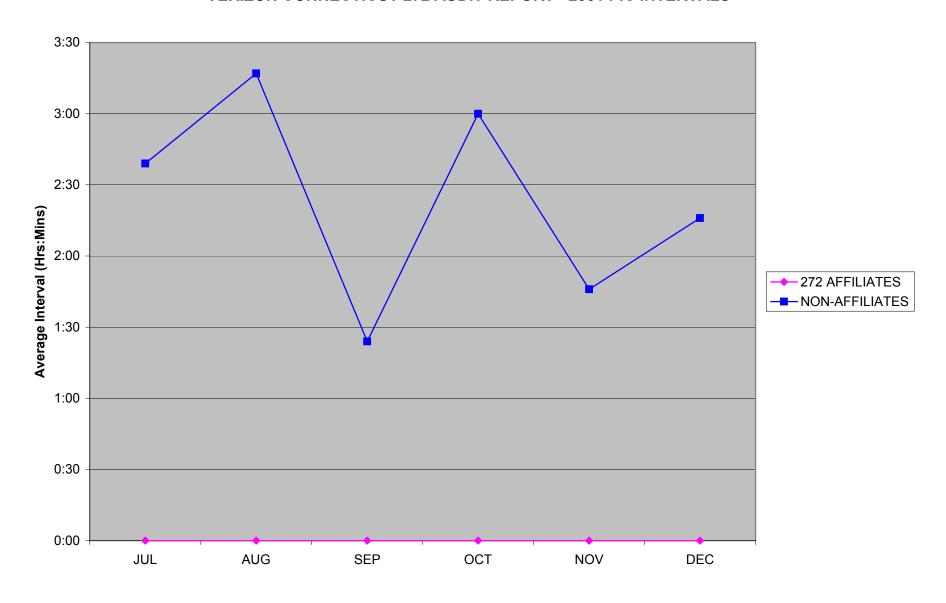
^{1.} This report represents data showing the Average PIC Interval for carrier initiated files sent to Verizon by the long distance carriers. This includes Verizon long distance carriers(272 Affiliates) and the top 6 carriers represented by the term Non-Affiliates. The "PIC Interval" is defined as "the time a PIC change is completed in the switch " minus "the time the request was received by XEA". Each incoming file is time stamped when XEA picks it up for processing. Intervals are measured in Hrs:Mins.

Objective VIII: Linear Graphs

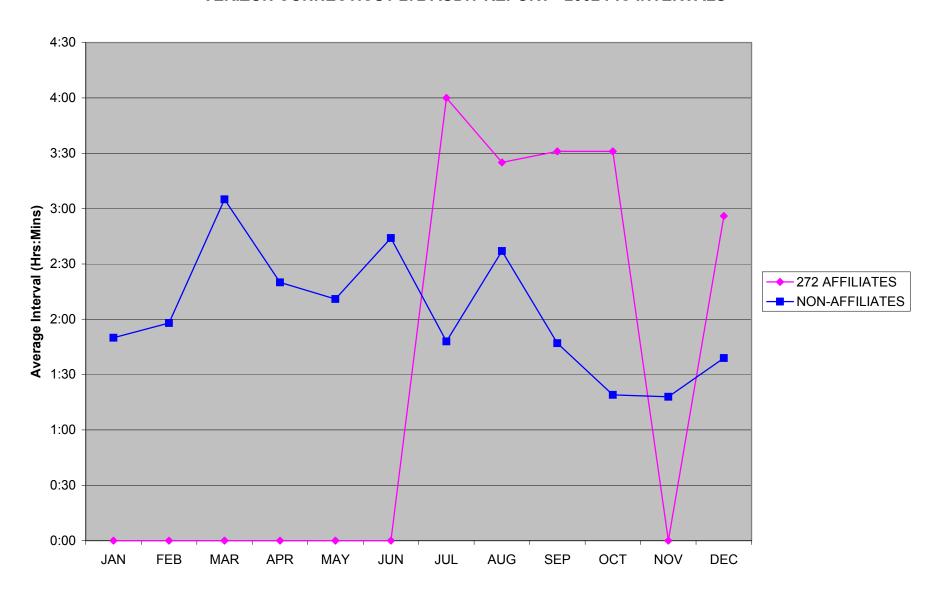
Table of Contents

| Connecticut | |
|--------------------|------|
| PIC 2001 | B-2 |
| PIC 2002 | B-3 |
| Delaware | |
| PIC 2002 | B-4 |
| Maine | |
| PIC 2002 | B-5 |
| Massachusetts | |
| PIC 2001 | B-6 |
| PIC 2002 | |
| New Hampshire | |
| PIC 2002 | B-8 |
| New Jersey | |
| PIC 2002 | B-9 |
| New York | |
| PIC 2001 | B-10 |
| PIC 2002 | |
| Pennsylvania (BA) | |
| PIC 2001 | B-12 |
| PIC 2002 | |
| Pennsylvania (GTE) | |
| PIC 2001 | B-14 |
| PIC 2002 | B-15 |
| Rhode Island | |
| PIC 2002 | B-16 |
| Vermont | |
| PIC 2002 | B-17 |
| Virginia | |
| PIC 2002 | B-18 |

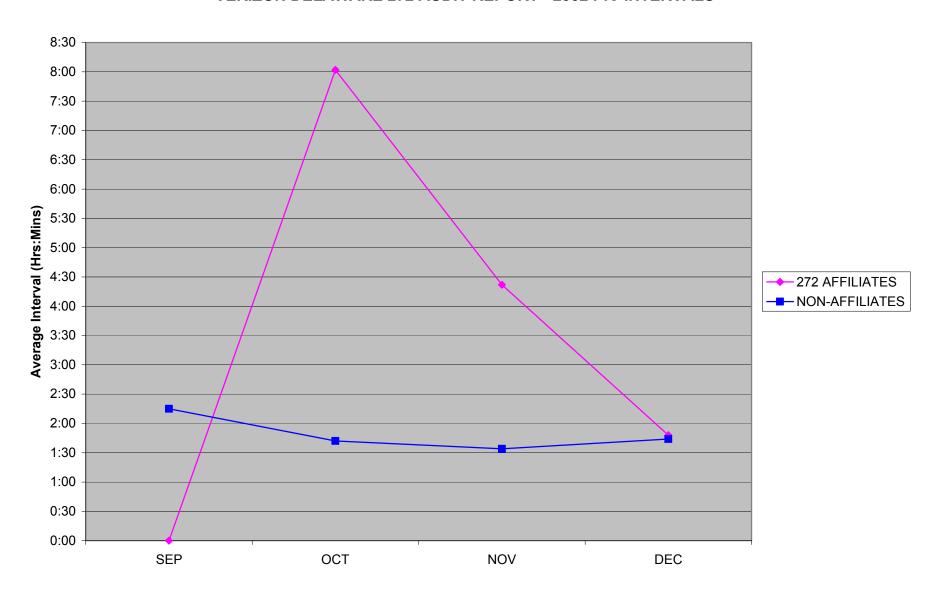
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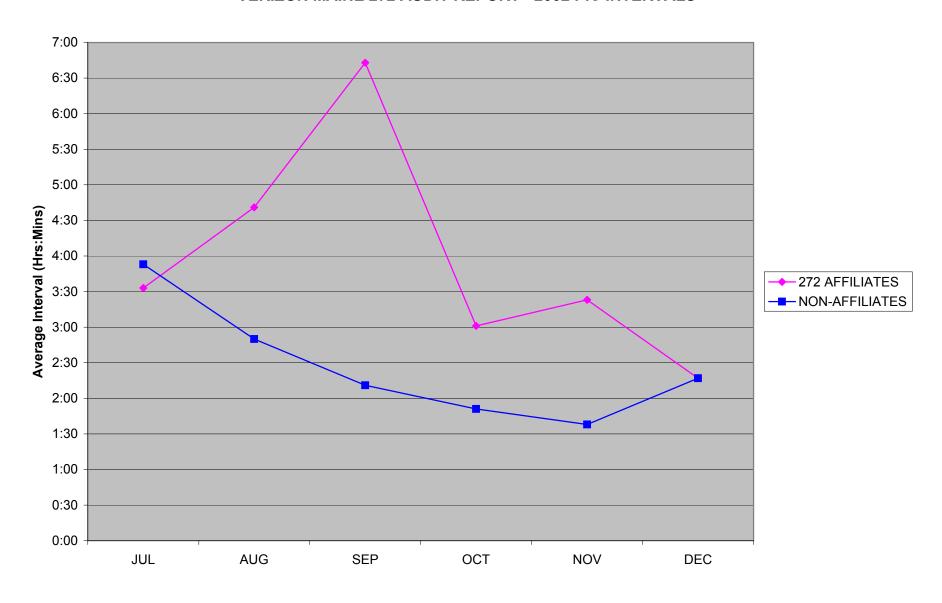
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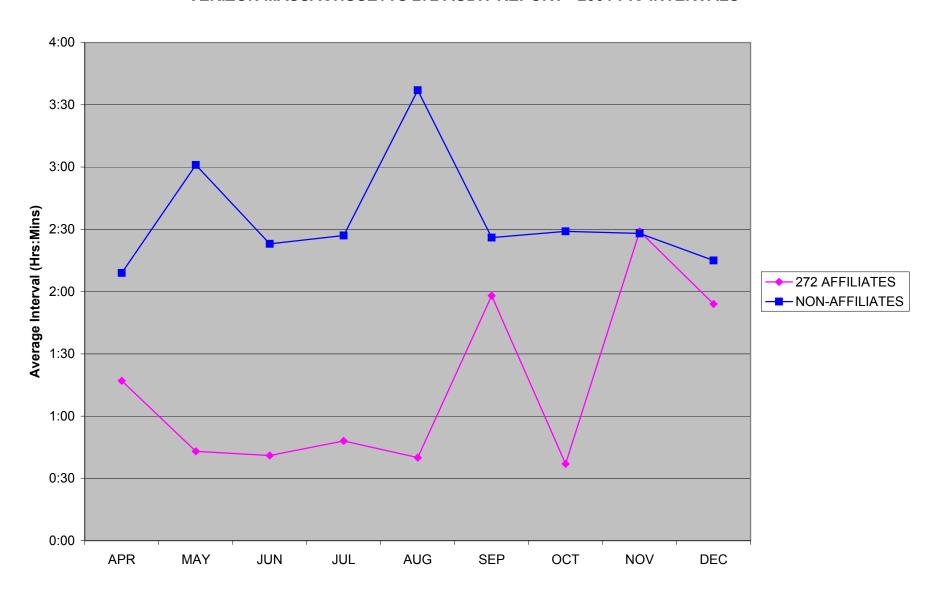
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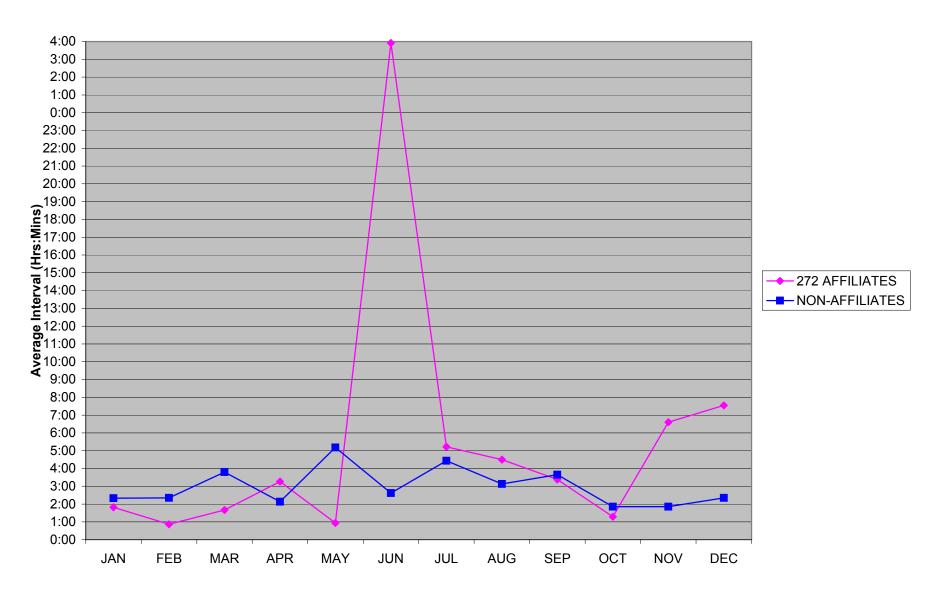
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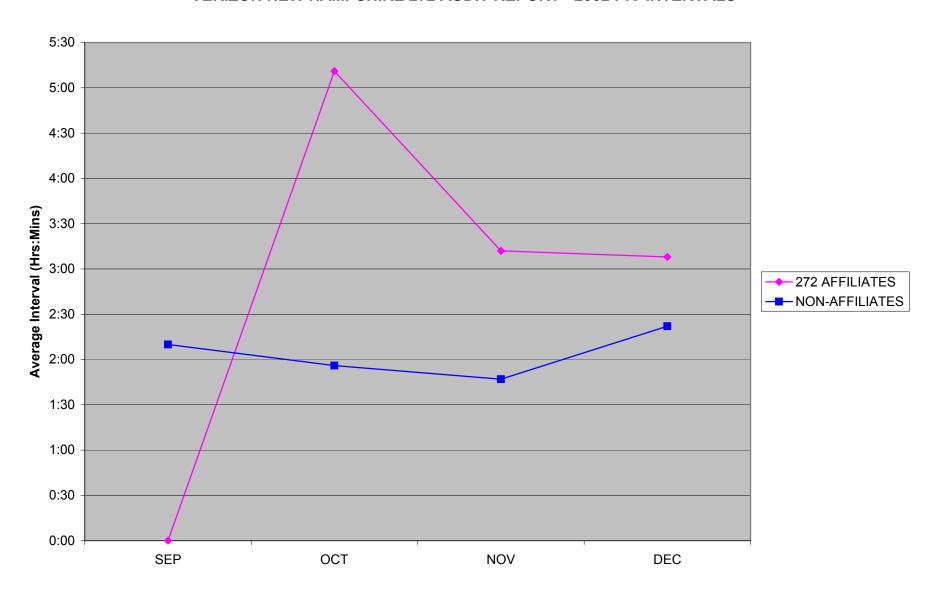
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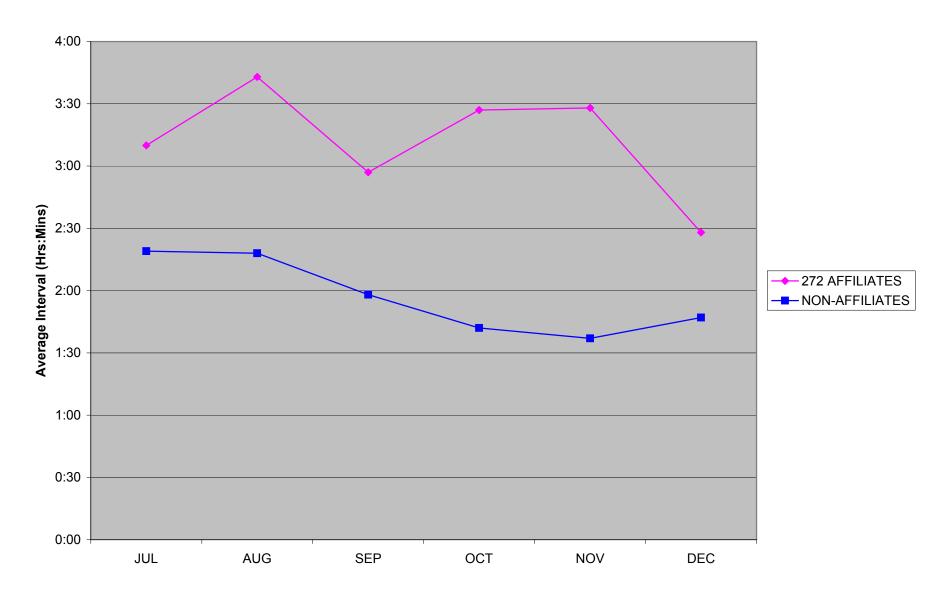
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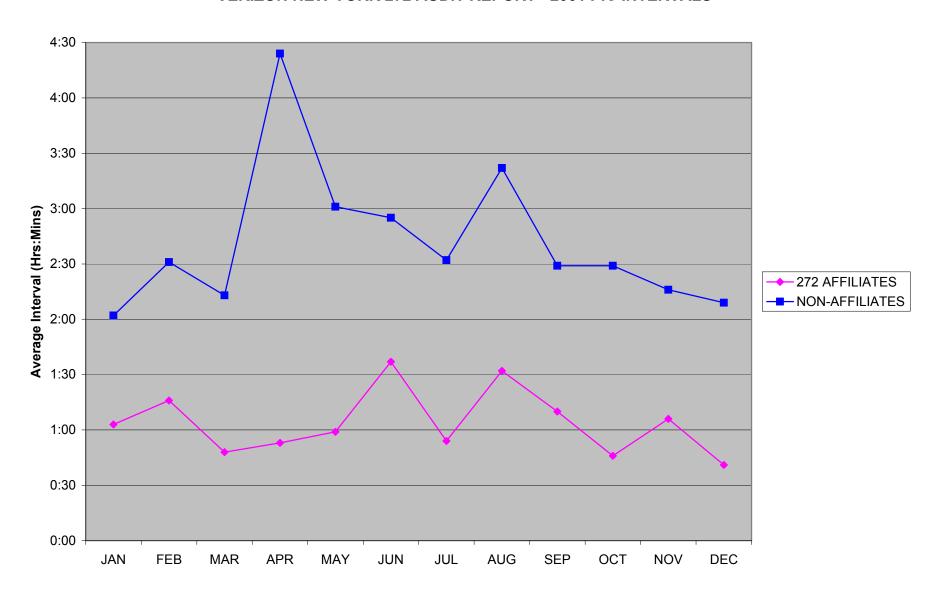
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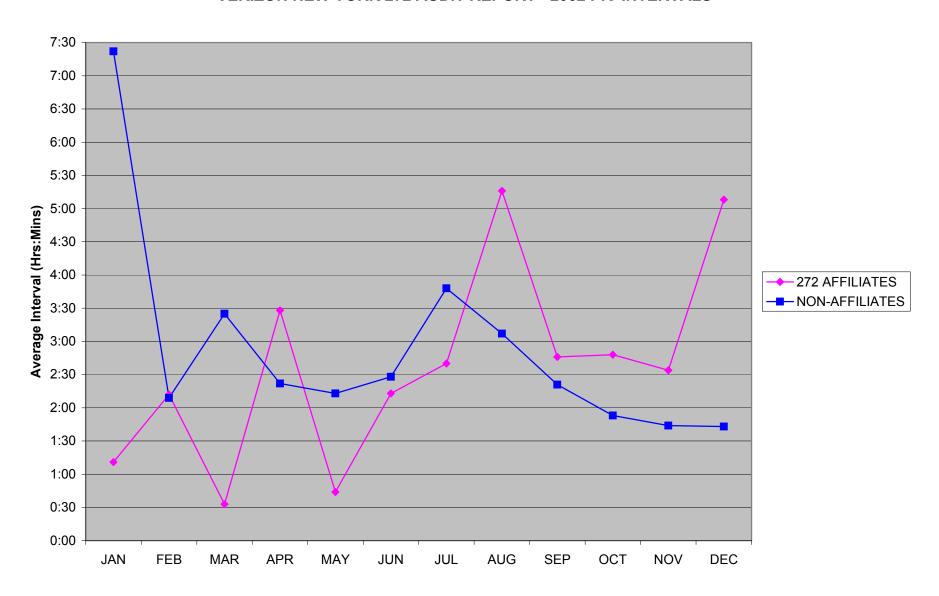
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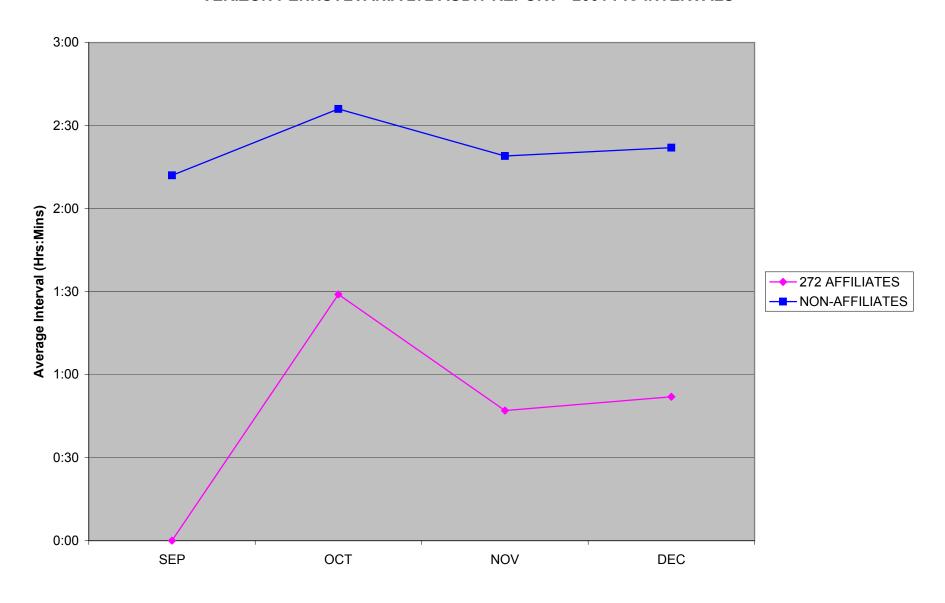
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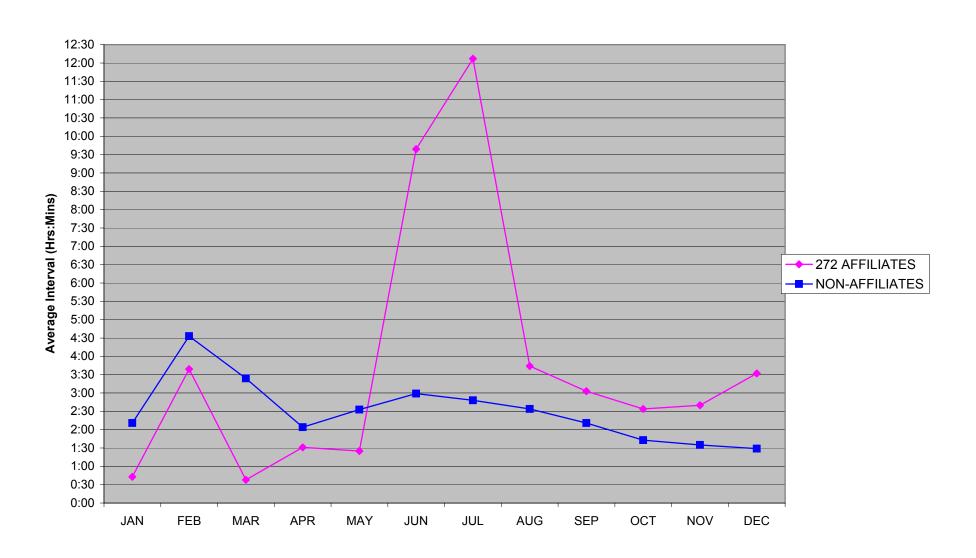
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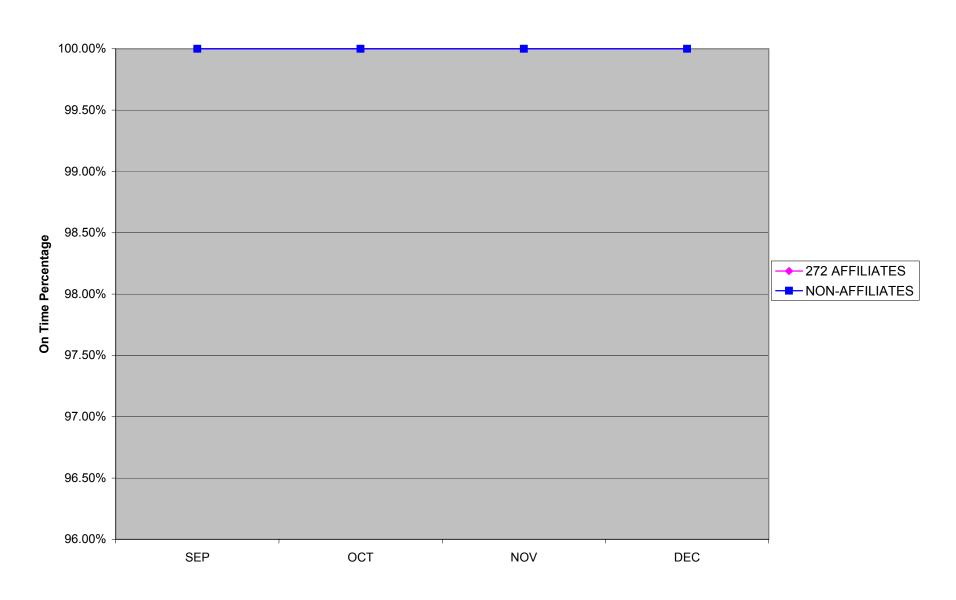
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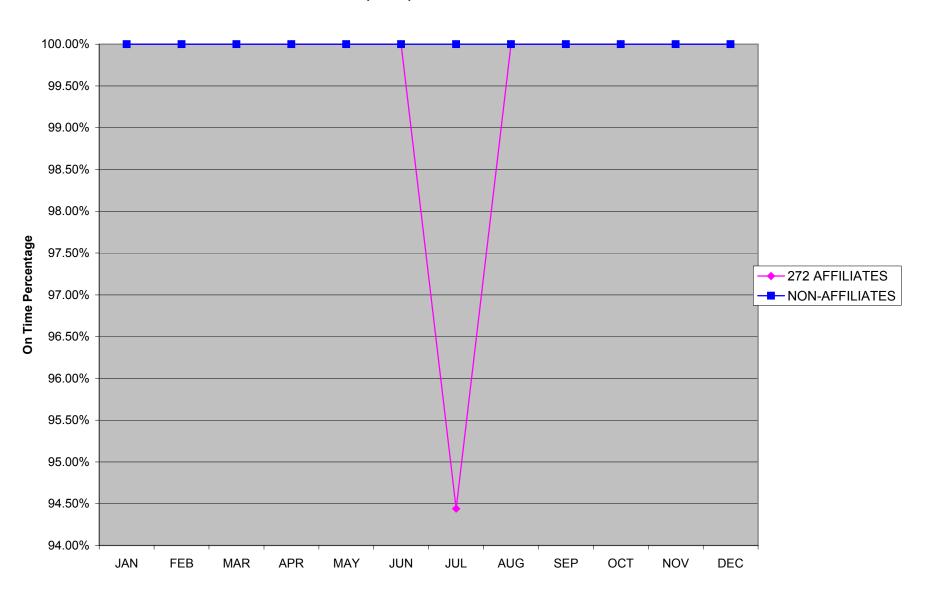
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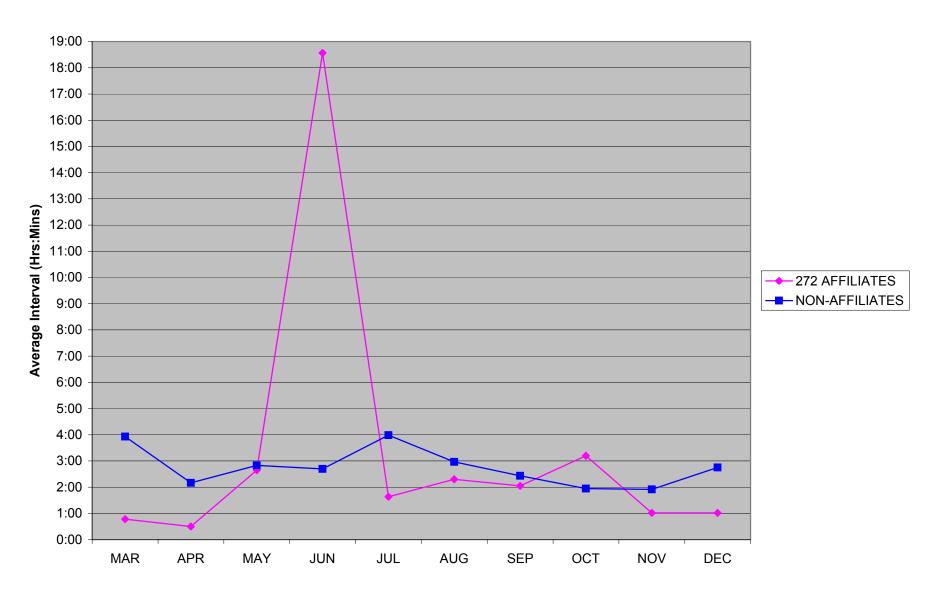
VERIZON PENNSYLVANIA (fGTE) 272 AUDIT REPORT - 2001 PIC INTERVALS



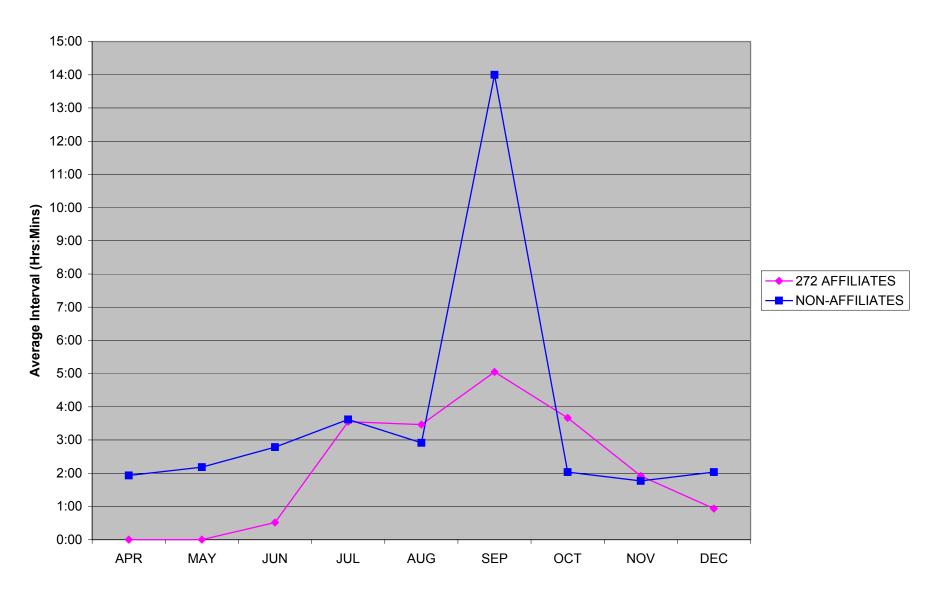
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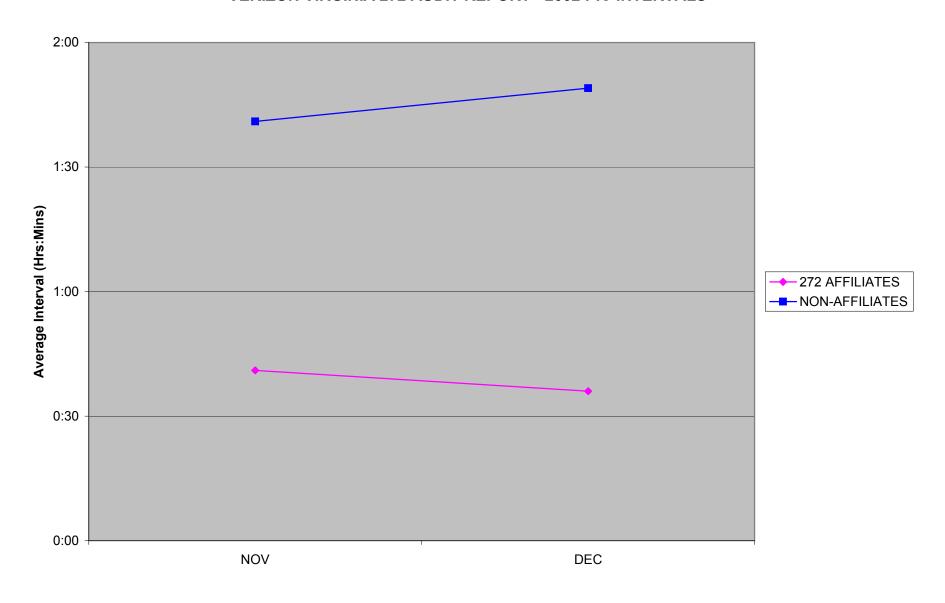
VERIZON RHODE ISLAND 272 AUDIT REPORT - 2002 PIC INTERVALS



VERIZON VERMONT 272 AUDIT REPORT - 2002 PIC INTERVALS



VERIZON VIRGINIA 272 AUDIT REPORT - 2002 PIC INTERVALS



Verizon's Response to Comments on the Biennial Section 272 Report

As part of Verizon's response to the Follow-Up Procedures on the Prior Engagement (Reference Appendix C), Verizon included their response, dated June 11, 2002, to comments on the Biennial Section 272 Report filed by PricewaterhouseCoopers on June 11, 2001 and June 18, 2001.

Gerald Asch Director Federal Regulatory



1300 I Street N.W., Floor 400W Washington, DC 20005

Phone 202 515-2532 Fax 202 336-7866 gerald.asch@verizon.com

June 11, 2002

RECEIVED

Ms. Marlene H. Dortch Secretary Federal Communications Commission 445 Twelfth Street, S.W. Room TWB-204 Washington, D.C. 20554

JUN 1 1 2002

FEDERAL COMMUNICATIONS COMMISSION OFFICE OF THE SECRETARY

Ex Parte: In the Matter of Implementation of the Telecommunications Act of 1996: Accounting Safeguards Under the Telecommunications Act of 1996, CC Docket No. 96-150

On Monday June 10, 2002 Verizon filed electronically its response to comments on its Section 272 Biennial Audit in the above referenced proceeding. Today Verizon provided electronic copies of that response to the following members of the Enforcement Bureau's Investigations and Hearings Division: Mr. H. Boyle, Mr. R Bruno, Ms. P. Green, Mr. M. Gentry, Mr. A. Rausch, Mr. M. Stephens and Mr. M. Stone.

Enclosed please find Verizon's response to the comments and *Ex Parte* presentations regarding the Reports of Independent Accountants on Applying Agreed-Upon Procedures, prepared by PricewaterhouseCoopers LLP and filed on June 11, 2001 and June 18, 2001 in connection with the first biennial section 272 audit of the Verizon companies. Please place these comments in the public record of this proceeding.

Sincerely,

Gunld asce.

Enclosure

cc: Mr. H. Boyle w/o enclosure
Mr. R Bruno "
Ms. P. Green "
Mr. M. Gentry "
Mr. A. Rausch "
Mr. M. Stephens "
Mr. M. Stone "

Before the FEDERAL COMMUNICATIONS COMMISSION Washington, D.C.

| In the Matter of |) | |
|---------------------------------|---|----------------------|
| |) | |
| Accounting Safeguards Under The |) | CC Docket No. 96-150 |
| Telecommunications Act of 1996 |) | |
| | j | |

RESPONSE OF VERIZON TO COMMENTS ON BIENNIAL SECTION 272 AUDIT REPORT

Of Counsel Michael E. Glover Edward Shakin Joseph DiBella

1515 North Courthouse Road Suite 500 Arlington, VA 22201 (703) 351-3037 joseph.dibella@verizon.com

June 10, 2002

TABLE OF CONTENTS

| I. | Introduction and Summary | | |
|--|---|--|----|
| П. | The Rul | e Audit Reports Confirm Verizon's Compliance With The Section 272 es. | 2 |
| III. | i | Audit Reports Do Not Demonstrate Material Violations Of The Section Rules. | 4 |
| The state of the s | A. | Verizon Has Not Discriminated In Favor Of Its Section 272 Affiliates In The Provision of Access Services. | 4 |
| | B. | Verizon Has Conducted Transactions With Its Long Distance Affiliates On An Arm's Length Basis And It Has Not Discriminated In Favor Of Its Long Distance Affiliates In The Provision Of Goods And Services | 13 |
| | C. | The Verizon InterLATA Affiliates Operated Independently From The Local Operating Companies. | 18 |
| | D. | The Verizon InterLATA Affiliates Maintained Separate Officers, Directors, and Employees. | 20 |
| IV. | Directors, and Employees. The Scope Of The Audit Included All Of Verizon's Section 272 Affiliates. 22 | | |
| V. | The Commenters' Criticisms Of The Audit Procedures Are Unwarranted. 24 | | 24 |
| VI. | The Commenters' Claims That Enforcement Action Is Warranted Are Baseless. 25 | | |
| Conc | lusio | n | 26 |

Before the FEDERAL COMMUNICATIONS COMMISSION Washington, DC 20554

In the Matter of

Accounting Safeguards Under The Telecommunications Act of 1996

CC Docket No. 96-150

RESPONSE OF VERIZON¹ TO COMMENTS ON BIENNIAL SECTION 272 AUDIT REPORT

I. Introduction and Summary

The biennial section 272 audit reports provide an overwhelming amount of data demonstrating Verizon's compliance with the section 272 safeguards. Among other things, the audit reports show that Verizon operated its section 272 affiliates independently from the former Bell Operating Companies ("BOCs"), maintained separate books for the section 272 affiliates according to the Commission's accounting rules, maintained separate officers, directors, and employees, conducted transactions between the section 272 affiliates and the BOCs on an arms' length basis, and did not discriminate in favor of the section 272 affiliates in the provision of goods or services. Since these were agreed-upon procedures audits, the auditors were required to report all results, regardless of materiality. Consequently, the audit reports contain a handful of minor observations and inconclusive data that the commenters have seized upon to argue that the

¹ The Verizon telephone companies ("Verizon") are the affiliated local telephone companies of Verizon Communications Inc. These companies are listed in Attachment A.

Commission should take action against Verizon to enforce the section 272 rules. However, the audit reports provide no basis for enforcement action.

Indeed, with little to complain about regarding Verizon's conduct, the commenters' criticisms are directed primarily at the way that the auditor carried out its duties and at the adequacy of the General Standard Procedures that the Commission adopted for section 272 audits. These criticisms are unwarranted. The auditor followed standard accounting principles under agreed-upon procedures that were developed through public comment and the collaborative efforts of the FCC and the state regulatory commissions of 44 states and the District of Columbia, representatives from the accounting profession and a coalition of the Bell Operating Companies.² These procedures were exhaustive and more than sufficient to confirm Verizon's compliance with section 272.

II. The Audit Reports Confirm Verizon's Compliance With The Section 272 Rules.

The commenters' focus on immaterial issues should not be allowed to distract the Commission from the overwhelming evidence in the audit reports that Verizon has complied with the section 272 rules in all material respects. The audit reports contain over 100 pages of observations and results that describe in detail how the auditors tested Verizon's compliance with the section 272 rules. This is only a small portion of the data in the workpapers that the auditors collected and made available to the Joint Oversight Team under section 272(d)(3) of the Act to document Verizon's compliance. The audit reports summarize voluminous data in the

² See letter dated Feb. 15, 2000 to Gerald Asch, Director Federal Regulatory from Hugh L. Boyle, Chief of the FCC Audits Branch.

workpapers drawn from the BOCs' and the section 272 affiliates' financial records, transactional records, methods and procedures, and provisioning data. As described in the audit reports, the data show that Verizon's separate long distance affiliates have been operated independently from the BOCs as separate corporations with their own switching and transmission facilities. The auditors examined the affiliates' books and accounts to confirm that they maintained separate books and accounts and conducted transactions with the BOCs in accordance with the Commission's affiliate transaction rules. The auditors reviewed the lists of officers, directors, and employees of the section 272 affiliates to confirm that these personnel are not shared with the BOCs. They looked at the debt instruments and credit arrangements to confirm that the section 272 affiliates have not obtained credit with recourse to the assets of the BOCs. They examined contracts between the section 272 affiliates and the BOCs to confirm that the transactions were on an arm's length basis and were posted on the web sites. The auditors gathered performance data by the BOCs for affiliates and non-affiliates and documented the services rendered to the section 272 affiliates by the BOCs to confirm that they have not received discriminatory treatment. The audit provides overwhelming evidence that Verizon has complied with the section 272 safeguards.

The fact that the audit reports discuss a small number of immaterial issues cannot be used to conclude that Verizon failed to comply with the section 272 safeguards. Unlike an attestation audit, where the audit report must contain a discussion of any issues where the auditor, in its independent judgement, finds material violations of the rules, these audits were conducted as "agreed-upon procedures audits." In an agreed-upon procedures audit, the auditor does not

³ After having considered all types of audits and engagements and past experience with cost allocation manual audits, the Federal/State Joint Oversight Team decided to conduct the biennial

render an opinion on the company's compliance. Rather, the auditor carries out the procedures specified by the "users" and reports all results of the procedures, regardless of materiality. *See*Statements on Standards of Audit Engagements 10, American Institute of Certified Public Accountants. For these reasons, none of the facts disclosed in the audit reports constitute findings that Verizon failed to comply with the section 272 rules. In fact, the reports provide extensive data to show just the opposite – Verizon has faithfully complied with those safeguards in establishing and operating its section 272 long distance affiliates.

III. The Audit Reports Do Not Demonstrate Material Violations Of The Section 272 Rules.

A. Verizon Has Not Discriminated In Favor Of Its Section 272 Affiliates In The Provision Of Access Services.

In Objective VIII, the auditor conducted procedures to determine whether the BOCs discriminated in favor of their section 272 affiliates in the fulfillment of requests for services. Among other things, the auditor examined all federal and state complaints involving allegations of discrimination and found that the complaints had either been denied by the relevant state commissions or had been addressed by the BOCs without any findings that the BOCs had violated federal or state law. *See* Section 272 Audit Report, Appendix A, 31. The auditor also collected the BOCs' reports of the time intervals for processing orders, provisioning service, and performing repair and maintenance services for affiliates and non-affiliates as required by Procedure 3. *See* id., 32-37. The BOCs provided reports for average installation intervals,

audit under section 272(d)(1) as an agreed-upon procedures engagement. See General Standard Procedures for Biennial Audits Required Under Section 272 of the Communications Act of 1934, as Amended, ¶ 2 (rel. Dec. 18, 1998) ("General Procedures").

percent commitments met, average repair intervals, total trouble reports, firm order confirmation response times, and presubscribed interexchange carrier ("PIC") change intervals. These data demonstrated that the BOCs' affiliates had longer special access service intervals in some months, and shorter intervals in other months, than the general population of non-affiliates. However, due to the very low volume of orders by the BOC affiliates for special access facilities during the evaluation period, the differences with the data for non-affiliates were not statistically significant. For PIC change orders, the data show that the BOCs completed orders for both affiliates and non-affiliates, on average, in only a few hours. The auditors tested the validity of these data and found only insignificant differences with Verizon's calculations in a few of the 18 tests they conducted. In almost every case, the auditor noted "no differences." Finally, the auditor examined and reported on how the BOCs make information regarding service intervals available to non-affiliates. The auditor reported that the BOCs provide this information in their tariffs and in reports to individual carriers upon request in a timely manner and as required by the Commission's rules under section 272(e)(1) of the Act.

WorldCom objects (at 2) that Verizon did not provide performance data under Procedure 3 in the format that Verizon described in its section 271 application for New York. Objective VIII, Procedure 3 states that the auditor will "obtain BOC's reports . . . indicating time intervals for processing orders, provisioning of service, and performing repair and maintenance services for the affiliate and for nonaffiliates, as customers." Procedures 5 and 6 further provide that if no such reports are available, the auditor will obtain a statistically valid sample of orders and prepare a comparison of service performance for the end user customers of the BOC, affiliates and non-affiliates. During the preparations for the 2000 biennial audit, Verizon proposed to the Joint Oversight Team and to the auditor that it would provide comparative performance data in

the format described in Verizon's section 271 application for Massachusetts, filed in September 2000. This format addressed the same measurement categories as described in the New York section 271 application, at the same level of detail, while being more closely aligned with the performance data reported in the Commission's automated regulatory management information system ("ARMIS") reports. Under section 53.211 of the Commission's rules, the Joint Oversight Team reviews the audit plan. In addition, the Joint Oversight Team and the BOCs are the "users" who specify the procedures to be followed by the auditor in an AUP engagement.

See General Standard Procedures, ¶ 2. Since no user disagreed with the usefulness of the format proposed by Verizon, the auditor used it in carrying out Procedure 3 of Objective VIII.

AT&T and WorldCom also complain that the reports did not cover the first few months of 2000 for all categories and that Verizon did not retain the underlying data necessary to test the validity of these performance measurements. *See* AT&T, 18-19 & n.12; WorldCom, 2-3. However, the audit procedures are written flexibly to permit the auditor to use the carrier's reports if they are available, or, if they are not, to create its own reports using a sample of orders for one month and for one state. *See* General Standard Procedures, Objective VIII, Procedures 3, 5. In this case, the auditor did not need to create its own reports, since Verizon produced the reports in the format that it had proposed to the Joint Oversight Team. While the reports were not available for all months for the repair and PIC change intervals, the data were sufficiently representative to permit the auditor to detail the comparative performance for the BOCs'

⁴ See Application of Verizon New England Inc., Bell Atlantic Communications, Inc. (d/b/a Verizon Long Distance), NYNEX Long Distance Company (d/b/a Verizon Enterprise Solutions) And Verizon Global Networks Inc., For Authorization to Provide In-Region, InterLATA Services in Massachusetts, CC Docket No. 00-176, Declaration of Susan Browning, Attachment Q (filed Sep. 22, 2000).

affiliates vs. non-affiliates.⁵ Moreover, while underlying transaction data for these reports were not routinely retained or archived in the operating support systems for the full period, the auditor was able to confirm the validity of Verizon's calculations by executing queries to capture the underlying data elements. *See* Section 272 Audit Report, Appendix A, 37-40. Consequently, the data provided by Verizon were sufficient to allow the auditor to rely on Verizon's reports for Procedures 3 and 4 rather than to create its own reports under Procedures 5 and 6. *See* <u>id.</u>, 40.

AT&T and WorldCom argue that the performance data show systematic discrimination in favor of the BOCs' long distance affiliates. *See* AT&T, 19-22; WorldCom, 3-4. However, they selectively cite to only three measures – average installation intervals, percent commitments met, and presubscription change intervals.⁶ As to the first two, no valid comparison can be made between the performance for the affiliates vs. non-affiliates due to the extremely small number of orders for the BOCs' affiliates. In practically all months, there were a dozen or fewer installation orders for BOC affiliates, compared to thousands for non-affiliates.⁷ No statistically significant conclusion can be drawn from data for such small population sizes. The Commission has stated numerous times that a difference in performance between affiliates and non-affiliates must be

⁵ Verizon explained that supporting data for repairs are not routinely retained for extended periods, and that the company only began using the mechanized PIC change interval process in March 2000, making comparisons with unaffiliated companies prior to that time meaningless.

⁶ AT&T also complains (at 21) that Verizon had few trouble tickets for its affiliates, and that the average repair interval for affiliates was shorter than for non-affiliates. Of course, with a relatively small number of circuits in service, it is to be expected that the Verizon affiliates will have few or no trouble reports. Moreover, with only nine trouble reports in the months audited, no conclusion can be drawn about the differences in average repair intervals compared to thousands of total company repairs.

⁷ See Section 272 Audit Report, Appendix A, Table 14a.

statistically significant to be relevant to the issue of discrimination.⁸ In particular, the Commission has found that;

"volumes may be so low as to render the performance data inconsistent and inconclusive. Performance data based on low volumes of orders or other transactions is not as reliable an indicator of checklist compliance as performance based on larger numbers of observations. Indeed, where performance data is based on a low number of observations, small variations in performance may produce wide swings in the reported performance data."

This is certainly true here. For instance, in April 2000, only 33 percent of commitments were met for 3 orders by the BOCs' affiliates for high speed special access, compared to 86.9 percent for non-affiliates. In other words, commitments were not met for two of the three BOC affiliate orders. This does not mean that the BOC gave its affiliates poorer service, any more than the two BOC affiliate orders that were fulfilled on time in July of that year means that the BOC gave its affiliates better service in that month than it gave non-affiliates. To suggest that such isolated results have statistical validity is ludicrous.

Moreover, even if the data were statistically significant, which they are not, they do not support the claims of discrimination. In many months, the installation intervals and percent commitments met show better performance for non-affiliates. *See* Section 272 Audit Report,

⁸ See, e.g., Application of Verizon Pennsylvania Inc., Verizon Long Distance, Verizon Enterprise Solutions, Verizon Global Networks Inc., and Verizon Select Services Inc. for Authorization To Provide In-Region, InterLATA Services in Pennsylvania, 16 FCC Rcd 17419, Appendix C, ¶ 11 (2001).

⁹ Id; see also Joint Application by SBC Communications Inc., Southwestern Bell Telephone Company, and Southwestern Bell Communications Services, Inc. d/b/a Southwestern Bell Long Distance Pursuant to Section 271 of the Telecommunications Act of 1996 To Provide In-Region, InterLATA Services in Arkansas and Missouri, 16 FCC Rcd 20719, Appendix C, ¶ 11 (2001); Application of Verizon New York Inc., Verizon Long Distance, Verizon Enterprise Solutions, Verizon Global Networks Inc., and Verizon Select Services Inc., for Authorization to Provide In-Region, InterLATA Services in Connecticut, 16 FCC Rcd 16831, Appendix C, ¶ 11 (2001).

Appendix A, Table No. 14a. For firm order confirmations, non-affiliates almost always received a greater percentage of their confirmations in a day or less than the BOCs' affiliates. *See* <u>id</u>., Table No. 14b.

In addition, the results of the performance data cannot be attributed to the BOC alone. When a customer requests special access service, it is responsible for performing certain "make ready" activities at its premises, including providing space, power, and access for certain special access arrangements. Also, the customer may request longer due dates, may submit orders that are part of projects that span long periods of time, and may extend originally requested installation dates on specific circuits based on changes in their plans and capabilities. The raw data do not indicate whether the differences, even if statistically significant, are attributable solely to Verizon's performance or reflect other customer-specific factors.

Only the third measure – presubscribed interexchange carrier ("PIC") change intervals – had a significant number of observations for the BOCs' affiliates. AT&T and WorldCom argue that these results show discrimination in favor of the BOCs' affiliates, whose PIC orders were processed in less time than non-affiliates. *See* Section 272 Audit Report, Appendix A, Table 14c. However, as Verizon pointed out in its comments on the audit report, the differences in processing time between affiliates and non-affiliates is insignificant in light of customer expectations. The BOCs processed PIC change orders for all carriers in far less than the 24 hours that the interexchange carriers use in their customer satisfaction surveys as the measure of Verizon's performance in providing timely PIC changes. More importantly, these data do not show that the BOCs discriminated in favor of their affiliates. These orders were processed through the BOCs' mechanical systems in the same manner, without manual intervention, for

both affiliates and non-affiliates. Both affiliated and non-affiliated interexchange carriers submitted PIC change orders electronically in batches to the Express Electronic Access ("XEA"), which validates the PIC data by jurisdiction and submits valid requests to the switch for processing. XEA picks up these files for processing eleven times a day, six days a week, on the odd hour (except for 11 PM) and twice on Sunday. Each file is mechanically stamped by XEA upon receipt and sits in a queue until the next scheduled processing time. The orders are processed in the order in which they are received regardless of which carrier, affiliate or non-affiliate, submits them. The system does not discriminate based on the identity of the carrier.

The processing times for PIC change orders may, however, be affected by the time of day that a carrier submits them. The BOCs schedule "down time" for XEA each night between the hours of 9:00 PM and 1:00 AM for necessary maintenance on the system. In addition, the BOCs schedule down time for switch maintenance in the late evening and early morning hours. During the down time periods, XEA pulls the files and holds them in queue according to the time they were received. At the end of the down time period, XEA processes the PIC change orders in the queue. A carrier that submits PIC change orders to XEA shortly before or during the down time periods would experience longer processing intervals than a carrier that submits them earlier in the day. Verizon has informed the interexchange carriers about the down time periods in each area and the possible impact on PIC change processing intervals. *See* Attachment B. Carriers can avoid the down time simply by submitting their PIC change orders to avoid this period. However, to our knowledge this issue has never come up, presumably because the PIC processing intervals easily surpass the 24 hour standard even if the carrier submits them during the down time.

To assess the reasons for the differences in the section 272 audit report for PIC change processing intervals between affiliates and non-affiliates, Verizon performed a special study in the last week of August, 2001 for the same carriers that were represented in the data for the section 272 audit report. This included one affiliate (Verizon Long Distance) and five non-affiliated carriers. The carriers submitted their PIC change orders in the following pattern:

| Carrier BLX (affiliate) – one file submitted each day between the hours of 8:00am and 9:05am. |
|---|
| Carrier A (non-affiliate) – one or two files submitted each day between the hours of 9:00pm and midnight. |
| Carrier B (non-affiliate) – six or seven files submitted each day between the hours of 4:00am and 10:00pm. |
| Carrier C (non-affiliate) – two or three files submitted each day between the hours of 5:00am and midnight. |
| Carrier D (non-affiliate) – three or four files submitted each day between the hours of 11:00am and midnight. |
| Carrier E (non-affiliate) – one file submitted each day between the hours of 9:00am and 9:10am. |

Verizon measured the PIC change processing intervals for these orders in two jurisdictions and observed the following results:

New York

| CARRIER | # RECORDS | INTERVAL (HR/MIN) |
|---------|-----------|-------------------|
| BLX | 30 | 0:50 |
| A | 4970 | 3:54 |
| В | 3619 | 1:09 |
| С | 1471 | 1:04 |
| D | 1477 | 0:34 |
| Е | 1146 | 0:56 |

Average PIC Interval for Non-Affiliated Carriers: 2 hours, 8 minutes

Massachusetts

| CARRIER | # RECORDS | INTERVAL (HR/MIN) |
|---------|-----------|-------------------|
| BLX | 17 | 0:27 |
| A | 4832 | 3:31 |
| В | 5318 | 1:49 |
| С | 916 | 1:28 |
| D | 607 | 0:37 |
| Е | 399 | 0:46 |

Average PIC Interval for Non-Affiliated Carriers: 2 hours, 23 minutes

This study shows that the two carriers that consistently submitted their PIC change orders early in the day — Verizon Long Distance and Carrier E — had similar average PIC change intervals that were significantly shorter than those for carriers that submitted orders in the late evening hours, when the orders would be impacted by the XEA and switch down time periods. ¹⁰ The minor differences noted above between Verizon Long Distance and Carrier E are likely the result of the position of each order in the queue and the size of the files, since XEA holds each batch of orders until the next processing time and then processes them in the order received. Carrier A, which submitted all of its orders between 9:00 PM and midnight, when they are most likely to be affected by the down time, had the longest intervals.

This study shows that the differences observed in the section 272 audit between affiliate and non-affiliate PIC processing intervals are the result of the carriers' voluntary decisions about when and how to submit orders, and that the differences are not due to any discrimination in how Verizon treats different carriers. Since even orders submitted in the late evening are processed within a few hours, most carriers have not seen any need to avoid the down time periods. Since

¹⁰ Carrier D also had similarly short processing times, which may have occurred because it submitted many orders during the daytime hours.

this is a voluntary decision on their part, the Commission cannot conclude that the BOCs' PIC change processing performance indicates any discrimination in favor of their affiliates.

B. Verizon Has Conducted Transactions With Its Long Distance Affiliates On An Arm's Length Basis And It Has Not Discriminated In Favor Of Its Long Distance Affiliates In The Provision Of Goods And Services.

Objectives V & VI included extensive procedures to determine if Verizon's section 272 affiliates conducted their transactions with the BOCs on an arm's length basis and accounted for all of these transactions in accordance with the Commission's rules. See Section 272 Audit Report, Appendix A, 13-26. The auditors examined the BOCs' processes for tracking and responding to competitors' complaints concerning procurement issues and noted that no complaints had been received. The auditors noted that the BOCs' written procedures for transactions with affiliates were consistent with the Commission's rules. They documented the BOCs' training and compliance program and noted that all employees interviewed were aware of the rules and had received training. They documented the fact that the BOCs' long distance affiliates must order services from the BOCs in the same manner as unaffiliated companies. They compared written agreements for services to the section 272 affiliates and noted no differences with the services rendered. They reviewed the postings of these contracts on Verizon's web site and described the timeliness and accuracy of the postings. The auditors documented and tested Verizon's accounting for affiliate transactions based on fair market value, fully distributed cost, or prevailing market price, as appropriate, and noted no differences between the amounts recorded in the books of the section 272 affiliates and the BOCs. They examined the section 272 affiliates' balance sheets and listings of fixed assets and determined that no fixed assets had been transferred from the BOCs, and were able to confirm in the vast

majority of the cases that fixed assets had not been originally transferred from the BOCs to another non-regulated affiliate prior to the transfer to the section 272 affiliate. The comprehensive procedures required by Objectives V &VI showed that Verizon has complied with the Commission's affiliate transaction rules and has conducted its transactions on an arm's length basis as required by section 272.

AT&T and WorldCom claim that Verizon had an error rate of almost 40 percent in its web postings of contracts and agreements between the section 272 affiliates and the BOCs. See AT&T, 32; WorldCom, 7. In fact, the discrepancies represented less than 1 percent out of approximately 20,000 data entries. As Verizon pointed out in its comments on the audit report, the Commission's contract posting requirements are complex, requiring a minimum of 13 data entries, and sometimes as many as 100, for each contract posting. See Verizon Response to Section 272 Audit Report, 2. Even if the 129 discrepancies noted by the auditors are combined with the 68 postings that the auditors stated were incomplete, this is an error rate of less than 1 percent. Moreover, there is a tension between the filing deadline and the requirement for posting all of the required data. For instance, of the 68 web postings where the auditors found that some of the required data were missing, 34 had "TBD" or "to be determined" in the pricing

Objective VII, Procedure 7 also tested the treatment of inbound calls to the BOCs' customer service representatives. AT&T complains (at 23) that one caller was not informed that there were providers of interLATA services other than Verizon's section 272 affiliates, and that the caller was not informed of its right to make a selection. However, the audit report explains (at Appendix A, 29) that this was a call to make a telephone number change, for which the representative was allowed to proactively inform the customer of Verizon's long distance services after making the requested change. The requirement to inform the caller of alternative interLATA carriers only applies to customers calling to establish new local telephone service or a move to another location. See Non-Accounting Safeguards Order, 11 FCC Rcd 21905, ¶ 292 (1996); AT&T Corp., Complainant, v. New York Telephone Company, d/b/a Bell Atlantic -New York, Defendant, 15 FCC Rcd 19997, ¶ 15 (2000).

information, because Verizon had not yet received long distance authority for those states and therefore the contracts were not yet operative. There were no applicable rates to be posted, nor any requirement to post rates for a yet to be provided service. However, to meet the requirement to post the contract terms on the web site within 10 days of execution, Verizon filed the contracts despite the fact that the terms and conditions had not yet been finalized. Consequently, this is not a web posting error.

It is important to note that in all cases Verizon disclosed transactions between the BOCs and 272 affiliates, including the terms and conditions for each offering and the prices for the offering in those states where the services were being offered. These fundamental components of each posting are key for competitors to assess possible interest in the services offered to others on a nondiscriminatory basis and for competitors to have information on services permitted to be provided on an exclusive basis (i.e. joint marketing). The audit did identify some minor issues associated with the underlying details of the postings, but competitors with potential interest in an offering have sufficient information to pursue that interest.

Most of the web posting errors noted in the audit were minor clerical errors in only one of the data entries on a contract, with no material impact on the overall accuracy of the contract and associated web posting. For instance, 86 of the 129 discrepancies noted above were minor errors in the contract effective date or start date. *See* Section 272 Audit Report, Attachment I. The "errors" noted by AT&T and WorldCom include 96 written agreements that were in the form of Access Service Requests, which did not contain sufficient detail concerning rates, terms and

¹² In one case a contract between the BOCs and two of the section 272 affiliates was posted, but the same agreement was not posted for a third section 272 affiliate until the following year. *See* Section 272 Audit Report, Attachment I, at 63.

conditions. See Section 272 Audit Report, Appendix A, 16-17 & Attachment I, Table 3.

However, since Access Service Requests refer to the purchase of access services under the publicly available state and federal tariffs, these "agreements" do not and should not contain the rates, terms and conditions in the tariffs. While Verizon posted these agreements to meet the section 272(b)(5) posting requirement, Verizon subsequently executed and posted a Memorandum of Understanding to cover all access services ordered by the section 272 affiliates to avoid this problem in the future. Even including these as "errors," the number of web postings errors listed in the audit report does not rise to the level of materiality.

AT&T and WorldCom also complain that Verizon failed to post the contracts on the web site within the required 10 days. *See* AT&T, 32; WorldCom, 7. However, as Verizon pointed out in its comments on the audit report, 94 percent of the web postings were filed on time, and 99 percent were filed within 10 days after the deadline. *See* Verizon Response to Section 272 Audit Report, 4. The 51 late postings represent only 7 contract amendments multiplied by the number of entities and states where the transactions were posted. Overall, Verizon complied with the web posting requirements in all material respects.

WorldCom argues (at 5) that Verizon discriminated in favor of its section 272 affiliates in the procurement of certain support services (operator services and security escort services) during the August 5, 2000 to August 24, 2000 work stoppage by not using the written procurement procedures. However, Verizon met with the Common Carrier Bureau during the work stoppage to discuss the use of employees of the section 272 affiliates to provide services to the Verizon local exchange carriers. The Bureau advised Verizon that it could use the section 272 employees to provide strike-related services, provided that it accounted for the transaction according to the

Commission's rules. *See* Section 272 Audit Report, Appendix A, 24. The rules do not require that these services be procured through open bidding processes, and Verizon determined that such procedures were not appropriate in light of the short-term emergency nature of the work stoppage. Verizon posted contracts for these services on its web site and billed for the services according to the terms of the contracts. *See* <u>id.</u>, Appendix A, 18, Table 7.

AT&T and WorldCom also complain that Verizon did not provide a comparison of fair market value ("FMV") to fully distributed cost ("FDC") for 70 percent of the sampled transactions between the section 272 affiliates and the BOCs. See AT&T, 34; WorldCom, 5-6. Contrary to their claims, the auditors explained why these comparisons were not carried out – because FMV assessments could not be made for services that were unique to the company. See Section 272 Audit Report, Appendix A, 21. As Verizon pointed out in its comments, Verizon attempted in good faith to obtain FMV assessments for these transactions by hiring an outside accounting firm to do so. See Verizon Response to Section 272 Audit Report, 5. The accountants reported that it was not possible to make such assessments for unique services. AT&T claims that they could have done so by making comparisons to "industry benchmarks," but this assumes that the service being benchmarked are "like" services, and by definition this does not apply to services that are unique. Since section 32.27 of the Commission's accounting rules require that provision of services by the BOC to a section 272 affiliate be accounted for at the higher of FDC or FMV, if no good faith determination of FMV was possible, there is no alternative but to account for these services at FDC. 13

¹³ WorldCom suggests that Verizon could have sought a waiver of section 32.27, but a waiver is only requested when the company seeks to avoid applying a rule. Verizon did not apply for a waiver because it does not claim that section 32.27 should not apply to the transactions between

Finally, AT&T complains (at 34-35) that Verizon failed to produce third-party invoices for 14 of 86 assets transferred from non-regulated affiliates to the section 272 affiliates, making it impossible to determine whether these assets were originally transferred from the BOC to the non-regulated affiliate. As noted in the audit report, the auditors confirmed that none of the 72 assets for which third-party invoices were obtained originated from the BOCs. *See* Section 272 Audit Report, Appendix A, 25. As Verizon noted in its comments, none of the remaining items originated from the BOCs. *See* Verizon Response to Section 272 Audit Report, 6. All of these items were transferred from a Verizon non-regulated entity – formerly Bell Atlantic Network Integration, Inc. ("BANI"). Eleven of the items could not be traced back to a vendor invoice because BANI found a new vendor after the first vendor could not fulfill the order on time, but BANI billed the section 272 affiliate based on the original vendor quote. Verizon subsequently found almost all of the invoices for the remaining 3 items. These minor discrepancies do not demonstrate non-compliance with the Commission's affiliate transaction rules.

C. The Verizon InterLATA Affiliates Operated Independently From The Local Operating Companies.

In Objective I, the auditor conducted procedures to determine if Verizon's section 272 affiliates operated independently from the BOCs as required by the Commission's rules. *See*Section 272 Audit Report, Appendix A, 3-6. Among other things, the auditor determined that Verizon's section 272 affiliates are separate corporations, are not owned by the BOCs, have separate employees, do not receive operations, installation, or maintenance services from the

its section 272 affiliates and the BOCs. Rather, the issue is how the rule should apply when no good faith estimate of FMV is possible. Verizon's reasonable application of the rule was to use FDC in these circumstances.

BOCs, and did not own any switching or transmission facilities jointly with the BOCs. These data demonstrate that Verizon has complied with the "operate independently" requirements.

AT&T argues (at 25) that these procedures were deficient because Verizon provided an incomplete list of fixed assets owned by the section 272 affiliates. This is incorrect. As required by Objective I, Procedure 7, the auditor compared the total amount of fixed assets on the section 272 affiliate's general ledger with the total amount of fixed assets on its detailed fixed asset listing and noted the reason for the difference – the fact that the general ledger includes amounts recorded for construction in progress but the fixed asset list does not. The amounts expended for construction in progress are included as a separate capital account in the general ledger and they are not assigned to a particular plant account until a project is completed. *See* 47 C.F.R. § 32.2003(d). Such projects should not be included in the detailed fixed asset list because there would be incomplete data concerning the "description and location of each item, date of purchase or transfer, price paid and recorded, and from whom the asset was purchased or transferred." Consequently, the construction in progress items do not, and should not, appear on the detailed fixed asset list.

AT&T also complains (at 26) that the auditor did not audit any title documents for transmission and switching facilities, because Verizon asserted that title documents did not exist for these assets. These items, all of which were less than \$21,000 each, do not have "title" documents – they are purchased from outside suppliers through invoices, which establish Verizon's ownership when they are paid, and from affiliates through accounting entries. Verizon cannot manufacture title documents that do not exist. The General Standard Procedures require the auditors to "[i]nspect title and other documents, which reveal ownership" of a statistically

valid sample of these assets. *See* Objective I, Procedure 7 (emphasis added). Accordingly, the auditor examined the Display Asset Accounting Documents for assets transferred from an affiliate and invoices for assets purchased from non-affiliates to confirm that the Section 272 affiliates owned the assets on their books.

D. The Verizon InterLATA Affiliates Maintained Separate Officers, Directors, and Employees.

Objective III includes procedures to determine whether the section 272 affiliates comply with the requirement to have separate officers, directors, and employees. The auditor determined that Verizon has procedures in place to prevent a person from being an officer, director, or employee of both a BOC and a section 272 affiliate at the same time, and that the company's procedures do not allow the loaning or sharing of employees between these entities. See Section 272 Audit Report, Appendix A, 9. The auditor obtained lists of officers and directors for the BOCs and the section 272 affiliates and found no overlap. The auditor determined that no departments of the section 272 affiliates report directly or indirectly to an officer of the BOCs. The auditor obtained lists of employees and determined that there was no instance where an individual was employed by both a section 272 affiliate and a BOC at the same time. The auditors confirmed that no employees who had been transferred from a BOC to a section 272 affiliate had used any proprietary information obtained while an employee of the BOC. The auditors noted no instances where employees had transferred from a BOC to a section 272 affiliate and back again. Finally, the auditors analyzed the annual bonuses for officers and management employees of each section 272 affiliate and determined that these bonuses were not tied to the exclusive performance of the BOC or to the combined performance of the BOC and

the section 272 affiliates. These audit results demonstrate that Verizon complies with the rules on separate officers, directors and employees.

AT&T complains (at 29) that the auditor did not follow up on a "concession" by Verizon that an officer of one section 272 affiliate appeared on both the Consents in Lieu of Meeting of the Section 272 Affiliates and on the Minutes of the Bell Atlantic Board of Directors meeting. This is incorrect. The auditor did follow up on this item and found that the individual who appeared on both documents was an officer of the section 272 affiliate but was *not* an officer or director of the BOC and was *not* on the BOC's list of employees and directors. *See* Section 272 Audit Report, Appendix A, 9. Therefore, the auditor confirmed that the section 272 affiliate and the BOC maintained separate officers, directors, and employees as required by the Act.

AT&T also complains (at 29-30) that the auditor's observation that Bell Atlantic's (i.e., the Verizon holding company's) earnings per share is a component of the financial portion of the annual bonus calculation for the officers and management employees of the section 272 affiliates demonstrates a violation of the "operate independently" requirement. It does not. In the Non-Accounting Safeguards Order, the Commission specifically rejected an AT&T request that the Commission interpret section 272(b)(3) of the Act to prohibit compensation schemes that base the level of remuneration of section 272 affiliate officers, directors, and employees on the performance of the corporate parent, or vice versa. The Commission found that "tying the compensation of an employee of a section 272 affiliate to the performance of a Regional Holding Company and all of its enterprises as a whole, including the performance of the BOC, does not make that individual an employee of the BOC." Non-Accounting Safeguards Order, 11 FCC Rcd 21905, ¶ 186 (1996). Verizon's compensation practices are consistent with this holding.

AT&T is trying to re-argue an interpretation of the Act that was rejected by the Commission years ago.

IV. The Scope Of The Audit Included All Of Verizon's Section 272 Affiliates.

AT&T argues (at 12, 24) that the audit is incomplete because no audit was performed of a "fourth" section 272 affiliate, Telecommunications Services Inc. ("TSI"), which Verizon disclosed on June 14, 2001 as having provided a limited amount of interLATA services, and because one contract for interLATA services was provided by another non-section 272 affiliate (GTE Data Services, Inc.) until the contract was transferred to a section 272 affiliate shortly after the merger. Verizon disclosed these matters to the Commission and to the auditors, and it transferred these contracts to the section 272 affiliates, out of an abundance of caution. See Section 272 Audit Report, Attachment II; Supplemental Section 272 Audit Report, Observation of the Federal/State Joint Audit Team for the Verizon Section 272 Biennial Audit. The small number of interLATA services that TSI and GTE Data Services provided did not constitute "interLATA telecommunications services" for which a separate affiliate is required under section 272(a)(2)(B).

Section 272(a)(2)(B) requires a separate affiliate for, *inter alia*, "[o]rigination of interLATA telecommunications services." The Act defines "telecommunications services" as "the offering of telecommunications for a fee directly to the public, or to such classes of users as to be effectively available directly to the public." 47 U.S.C. § 153(46). This is intended to incorporate the common law principle of "common carriage." *See* Joint Explanatory Statement, S. 104-230, 115 (Jan. 31, 1996); *Non-Accounting Safeguards Order*, 11 FCC Rcd 21905, ¶ 265

(1996). The Commission has found that the Act's definition of telecommunications services, and the scope of the section 272 separate affiliate requirements, excludes private carriage. See Implementation of the Non-Accounting Safeguards of Sections 271 and 272 of the Communications Act of 1934, as Amended, Second Order on Reconsideration, 12 FCC Rcd 8653, ¶ 33 (1997); see also Implementation of the Non-Accounting Safeguards of Section 271 and 272 of the Communications Act of 1934, as Amended, 16 FCC Rcd 9751, ¶ 22 (2001) (Congress viewed "interLATA telecommunications services" in Section 272 as a subset of "interLATA services" under Section 271).

Neither TSI nor GTE Data Services engaged in an indiscriminate offering of service to the public, or to classes of users, such that its services would fall within the concept of common carriage that is embodied in the definition of "telecommunications service." TSI only provided 10 circuits to three customers by reselling the private line services of unaffiliated interexchange carriers. GTE Data Services provided services under one contract to one customer in New York. All of these services were provided under individual contracts, not general tariff offerings.

Neither company generally advertised its services as being available to all potential customers in a given area. Consequently, both carriers' interLATA services in New York constituted private carriage for which a separate affiliate is not required under section 272. However, to remove any issue in the audit, Verizon transferred these contracts to its section 272 affiliates. These minor transactions do not affect the validity of the audit or the materiality of Verizon's compliance.

V. The Commenters' Criticisms Of The Audit Procedures Are Unwarranted.

Many of the commenters' criticisms are aimed at the audit plan and the auditor rather than at Verizon's performance. AT&T complains that the agreed-upon procedures are "incomplete" and "inadequate," that the auditor improperly used statistical sampling techniques rather than examining the entire population, and that the samples were too small and violated accepted sampling techniques. *See, e.g.*, AT&T, 3, 14-15. WorldCom also argues (at 7-9) that the audit procedures did not address key issues or gather sufficient information. These criticisms have no merit.

As AT&T concedes (at 5, 11), the Joint Oversight Team placed its proposed procedures on public notice for parties such as AT&T to comment upon. See Proposed Model for Preliminary Biennial Audit Requirements, 12 FCC Rcd 13132 (1997). The procedures were expanded significantly as a result of that notice. There was no need to seek additional comments, as AT&T suggests – section 53.211(d) states that review of the audit program is limited to the Joint Oversight Team. The audit procedures reflect the input of the entire industry, as well as the state regulatory commissions of 44 states and the District of Columbia and representatives from the accounting profession. There is no basis for AT&T to complain that it did not have an opportunity to provide its input at the appropriate time into the audit procedures.

In addition, the original procedures specifically contemplated that some areas would be reviewed by using samples rather than examining the entire universe of data. *See, e.g.*, <u>id</u>., Requirement V, Procedure 2 ("Sample affiliate transactions"). This is in line with standard auditing practices, which rarely test 100 percent of a population. Moreover, the General Standard Procedures established guidelines for sampling sizes and methodologies to achieve a

desired confidence level and provided for approval of the sampling plan by the Joint Oversight

Team. The procedures state that the sample sizes and methodologies will be determined by the
auditor and the users after the initial survey and during the audit. The auditor is required to use
statistically valid samples to provide a desired confidence level of 95 percent and a desired upper
precision limit equal to 5 percent with an expected error rate of 1 percent. These standards are
consistent with accepted statistical tests. There is no merit to the commenters' criticisms either
of the use of samples or of the statistical standards that the auditor applied in determining the size
of the samples.

VI. The Commenters' Claims That Enforcement Action Is Warranted Are Baseless.

The commenters have ignored the bulk of the positive audit results and have distorted a few anomalies in a blatantly self-serving effort to thwart the growth in long distance competition that has resulted in every market where Verizon has received section 271 authority. They seek enforcement action for issues that clearly do not rise to the level of violations, much less material violations. *See* AT&T, 4; WorldCom, 3. In fact, the issue that they argue is most deserving of enforcement action – the allegedly preferential treatment that Verizon gave its section 272 affiliates in the provision of access services and PIC change orders – is completely baseless. The audit provides no evidence that Verizon has discriminated in favor of its affiliates.

¹⁴ See General Standard Procedures, ¶ 8. AT&T objects (at 14) to the fact that the audit report does not provide details of the sampling methodology. However, Section 272 of the Act does not contemplate that the audit report will include the underlying data and additional detail that is contained in the workpapers, which may be examined only by the Commission and by the State members of the Joint Oversight Team. See 47 U.S.C. § 272(d)(3)(B).

The minor clerical errors noted in the audit do not support enforcement action. The standard of compliance is not and cannot be perfection. Verizon has implemented procedures and controls designed to produce substantial compliance with the Commission's rules. The few items noted by the commenters do not demonstrate any violations of the Commission's rules, much less knowing or willful violations.

Conclusion

The audit confirms that fact that Verizon has complied with the Commission's section 272 safeguards. The Commission should reject the criticisms of Verizon's conduct and of the scope and conduct of the section 272 audit.

Of Counsel Michael E. Glover Edward Shakin Respectfully submitted,

Joseph DiBella
1515 North Court House Road

Suite 500

Arlington, VA 22201-2909

(703) 351-3037

joseph.dibella@verizon.com

Attorney for the Verizon telephone companies

Dated: June 10, 2002

THE VERIZON TELEPHONE COMPANIES

The Verizon telephone companies are the local exchange carriers affiliated with Verizon Communications Inc. These are:

Contel of the South, Inc. d/b/a Verizon Mid-States GTE Midwest Incorporated d/b/a Verizon Midwest GTE Southwest Incorporated d/b/a Verizon Southwest The Micronesian Telecommunications Corporation

Verizon California Inc.

Verizon Delaware Inc.

Verizon Florida Inc.

Verizon Hawaii Inc.

Verizon Maryland Inc.

Verizon New England Inc.

Verizon New Jersey Inc.

Verizon New York Inc.

Verizon North Inc.

Verizon Northwest Inc.

Verizon Pennsylvania Inc.

Verizon South Inc.

Verizon Virginia Inc.

Verizon Washington, DC Inc.

Verizon West Coast Inc.

Verizon West Virginia Inc.

October 4, 2000

To: All Interexchange Carriers

SUBJECT: NOTIFICATION OF DAILY "BLACKOUT ACTIVITY" FOR SWITCH ACTIVITY

Dear Customer,

We at Verizon have learned of some scheduling information related to our switches and the jobs that interface with our switches that could have an impact on your PIC processing intervals. Each night, there is what is termed a "blackout period" for switch activity. This is a down time that is scheduled in each of the switches and the XEA jobs that interface with them to have an opportunity for daily maintenance and monitoring.

In response to this information, you may decide to alter your file submission schedules or you may determine that this information serves only as an FYI and that there is no need to alter your current schedules. The periods of time included in the blackout period varies slightly in the North and the South and on weekends. They are as follows:

In reference to Switch Manager's interface to MARCH only our times are:

North:

MARCH NY from 04:00 to 23:30 Sun - Sat.

MARCH NE from 04:00 to 22:30 Mon - Fri

from 04:00 to 21:30 Sat from 04:00 to 19:30 Sun

South:

PA0:

All MARCH systems from 04:00 to 22:50 Sun - Sat

MARCH's Down times are:

CP0 & CP1: Down 01:00 - 02:30 Sunday

Down 23:00 - 00:30 Mon - Sat

Down 01:00 - 02:30 Sun - Sat NJO:

Down 01:00 - 02:30 Sunday Down 00:00 - 01:30 Mon - Sat

Down 23:00 - 00:00 Mon - Fri NE:

> Down 22:00 - 00:00 Sat Down 20:00 - 00:00 Sun

Down 00:00 - 02:00 Mon - Sun NY:

This notification serves as an informational tool that you may or may not determine requires any action on your part. The schedules for the blackout period have been in place for years and is currently factored into your current intervals. XEA currently pulls the files in and during the blackout period, the files are held in que according to the time that they were sent in and released as the switches are opened up for processing each day.

Altering your schedules for file submission to avoid sending them during the blackout periods could shorten the processing time for your CARE files, if you are currently submitting files during those timeframes. If not, there is no need to consider any changes.

Any question that you may have concerning this notification may be directed to your Verizon PIC Interface Manager.

Sincerely,

Brenda A. Spriggs PIC Process Owner Verizon General Standard Procedures for Biennial Audits Required Under Section 272 of the Communications Act of 1934, as Amended

JOINT FEDERAL/STATE OVERSIGHT TEAM FOR VERIZON COMMUNICATIONS

GENERAL STANDARD PROCEDURES FOR BIENNIAL AUDITS REQUIRED UNDER SECTION 272 OF THE COMMUNICATIONS ACT OF 1934, AS AMENDED

Final Procedures as of June 1, 2003

JOINT FEDERAL/STATE OVERSIGHT TEAM FOR

VERIZON COMMUNICATIONS

GENERAL STANDARD PROCEDURES FOR BIENNIAL AUDITS REQUIRED UNDER SECTION 272 OF THE COMMUNICATIONS ACT OF 1934, AS AMENDED

TABLE OF CONTENTS

| INTRODUCTION | Page |
|--------------------------------|------|
| Background | 5 |
| COMPLIANCE REQUIREMENTS | |
| Structural Requirements | 8 |
| Accounting Requirements | 8 |
| Nondiscrimination Requirements | 9 |
| Related FCC Dockets | 9 |
| ENGAGEMENT PLAN | |
| Engagement Period | 11 |
| Sampling | 11 |
| Definitions | 12 |
| Conditions of Engagement | 13 |
| Representation Letters | 15 |

| Engagement Proces | SS | 18 |
|--------------------------------|---|----|
| Timetables | | 20 |
| Report Structure | | 21 |
| PROCEDURES | | |
| Procedures for the Form | ner GTE Companies: | 23 |
| Follow-up Procedures or | n the Prior Engagement: | 26 |
| Procedures for Structur | al Requirements: | |
| Objective I: | Affiliate Shall Operate Independently from the BOC 27 | |
| Objective II: | Affiliate Shall Maintain Records Separate from those of the BOC | 30 |
| Objective III: | Affiliate Shall Have Officers, Directors, and Employees Separate from those of the BOC | 31 |
| Objective IV: | Affiliate May Not Obtain Credit with Recourse to the Assets of the BOC | 32 |
| Procedures for Accounti | ing Requirements: | |
| Objective V: | Affiliate Shall Conduct All Transactions with the BOC at Arm's Length | 34 |
| Objective VI: | The BOC Shall Account for All Transactions with the Separate Affiliate in Accordance with FCC Rules | 34 |
| Procedures for Nondisci | rimination Requirements: | |
| Objective VII: | The BOC May Not Discriminate Against Any Entity in the Provision of Goods and Services | 43 |
| Objective VIII: | The BOC Shall Not Discriminate Against Any Entity in the Fulfillment of Requests for Services | 47 |

| Objective IX: | The BOC Shall Not Discriminate Against Any Entity in the Provision of Exchange Access Facilities and Services | 51 |
|-----------------------------------|--|----|
| Objective X: | The BOC Shall Impute to Itself the Same Amount for Exchange Access as that Charged Unaffiliated Entities | 53 |
| Objective XI: | The BOC May Not Discriminate Against Any Entity in the Provision of InterLATA or IntraLATA Facilities and Services | 55 |
| Procedures for Subsequent Events: | | 57 |

VERIZON COMMUNICATIONS BIENNIAL ENGAGEMENT PROCESS

INTRODUCTION

Background

- 1. Section 272(a) of the Communications Act of 1934, as amended (the Act), requires that a Bell Operating Company (BOC) set up one or more separate affiliates before engaging in manufacturing activities, in-region interLATA services, and interLATA information services. For interLATA information services, this requirement expired on February 8, 2000 in accordance with the Act. Before engaging in the provision of in-region interLATA services, a BOC or an affiliate of the BOC must meet the requirements of Section 271 of the Act and must receive approval by the Federal Communications Commission (FCC). A BOC that is required to operate a separate affiliate under Section 272 must obtain and pay for a joint Federal/State audit every two years.¹
- The Commission adopted rules to implement the section 272(d) biennial audit 2. requirement. See Accounting Safeguards Order at paras. 197-205; see also 47 C.F.R. § 53.209-.213. The Commission's Part 53 rules and accompanying orders govern the conduct of the section 272(d) biennial audit. As stated in the Commission's Part 53 rules, the purpose of the section 272(d) biennial audit is to determine whether the BOC and its section 272 affiliates have operated in accordance with the accounting and non-accounting safeguards required by section 272 of the Act and the Commissions rules. 47 C.F.R. § 53.209(b) (listing the specified compliance requirements of the section 272(d) biennial audit). In addition to specifying the audit requirements, the Commission's rules provide for the establishment of a Federal/State joint audit team that is authorized to oversee the conduct of the audit from the planning stage to its completion and to "direct the independent auditor to take any actions necessary to ensure compliance with the audit requirements [in 47 C.F.R. § 53.209(b)]." 47 C.F.R. § 53.209(d). Although the section 272(d) biennial audit is to be conducted by an independent auditor, the Federal/State joint audit team is also responsible for ensuring that the audit meets the objectives stated in the Commission's rules and orders. 47 C.F.R. §§ 53.209(d) (stating that the Federal/State joint audit team is responsible for "overseeing the planning of the audit"); .211(b) (requiring the Federal/State joint audit team to review the audit requirements and authorizing the Federal/State joint audit team to modify the audit program); .211(c) (authorizing the Federal/State joint audit team to approve the audit requirements and program); .211(d). In accordance with Statements on Standards For Attestation Engagements, 10, Paragraph 1.03: "When a practitioner undertakes an attest engagement for the benefit of a government body or agency and agrees to follow specified government standards, guides, procedures, statutes, rules

5

¹ 47 U.S.C. § 272(d).

and regulations, the practitioner is obliged to follow those governmental requirements as well as applicable attestation standards."

3. Working pursuant to delegated authority, the Federal/State joint audit team elected to use the Agreed-Upon Procedures (AUP) form of attestation engagement to meet the objectives specified in the Commission's rules, *i.e.*, to determine whether the BOC and its section 272 affiliates complied with the relevant accounting and non-accounting safeguards. The American Institute of Certified Public Accountants (AICPA) defines an AUP engagement as "one in which a practitioner is engaged by a client to issue a report of findings based on specific procedures performed on subject matter." For the purposes of planning this AUP engagement and developing the appropriate audit procedures, the "specified parties" consist of the Federal/State joint audit team ("Oversight Team" or "Joint Oversight Team") and the company responsible for obtaining and paying for the section 272(d) biennial audits (*i.e.*, Verizon). The Oversight Team will be comprised of members from the FCC and members of the state commissions who have jurisdiction over Verizon in their respective states and who have chosen to participate in the Biennial Audit and have either signed a Protective Agreement or the State commission has promulgated a Protective Order.

The Oversight Team is responsible for reviewing the conduct of the engagement and, after having apprised Verizon of their intention, for directing the practitioner to take such action as the team finds necessary to achieve each audit objective. Consistent with section 53.209(d) of the Commission's rules, the Oversight Team may direct the independent auditor to take any actions necessary to ensure compliance with the audit requirements of sections 53.209(b) as reflected in letters or orders issued by the Bureau staff and served on Verizon. Verizon may, pursuant to section 1.106 or 1.115 of the Commission's rules, file a petition for reconsideration or application for review of any such direction. The specified parties agree that the independent auditor shall implement the directions of the Oversight Team 10 business days after such direction if Verizon has not filed an Emergency Petition for Reconsideration by that time. The specified parties agree that once the Chief of the Enforcement Bureau acts on any Verizon Emergency Petition for Reconsideration, the independent auditor shall immediately implement the directions of the Chief of the Enforcement Bureau. Verizon may, pursuant to section 1.115 of the Commission's rules, file an Application for Review of the Chief of the Enforcement Bureau's decision. The independent auditor shall implement the Chief of the Enforcement Bureau's directions even if Verizon files an Application for Review of the Chief of the Enforcement Bureau's decision. Should the Bureau or Commission change such direction on reconsideration or review, the independent auditor shall follow the changed direction. The text below provides the requirements for the engagement as listed in Section 53.209(b) of the FCC

² Statement on Standards for Attestation Engagements (SSAE) 10, paragraph 2.03, published by the American Institute of Certified Public Accountants.

³ Connecticut, District of Columbia, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, Virginia, and West Virginia.

rules and indicates the nature, timing, and extent of the AUP for each requirement. It should be noted that AUP engagements are not based on the concept of materiality, therefore, the practitioner must report all results in the form of findings from application of the agreed upon procedures.

COMPLIANCE REQUIREMENTS

4. The requirements that will be covered in the Biennial Audit are contained in 47 U.S.C. Section 272(b), (c), and (e) of the Communications Act of 1934, as amended, and in 47 C.F.R. Section 53.209(b) of the FCC rules and regulations. Below is a listing of those requirements:

Structural Requirements

The separate affiliate required under Section 272 of the Act:

- I. Shall operate independently from the Bell operating company;
- II. Shall maintain books, records, and accounts in the manner prescribed by the Commission that are separate from the books, records, and accounts maintained by the Bell operating company;
- III. Shall have officers, directors, and employees that are separate from those of the Bell operating company;
- IV. May not obtain credit under any arrangement that would permit a creditor, upon default, to have recourse to the assets of the Bell operating company;

Accounting Requirements

The separate affiliate required under Section 272 of the Act:

V. Shall conduct all transactions with the Bell operating company on an arm's length basis with the transactions reduced to writing and available for public inspection.

The Bell operating company:

VI. Shall account for all transactions with the separate affiliate in accordance with the accounting principles and rules approved by the Commission.

Nondiscrimination Requirements

The Bell operating company:

- VII. May not discriminate between the separate affiliate and any other entity in the provision or procurement of goods, services, facilities, and information, or the establishment of standards;
- VIII. Shall fulfill any requests from unaffiliated entities for telephone exchange service and exchange access within a period no longer than the period in which it provides such telephone exchange service and exchange access to itself or its affiliates;
- IX. Shall not provide any facilities, services, or information concerning its provision of exchange access to the Section 272 affiliate unless such facilities, services, or information are made available to other providers of interLATA services in that market on the same terms and conditions;
- X. Shall charge its separate affiliate under Section 272, or impute to itself (if using the access for its provision of its own services), an amount for access to its telephone exchange service and exchange access that is no less than the amount charged to any unaffiliated interexchange carriers for such service;
- XI. May provide any interLATA or intraLATA facilities or services to its interLATA affiliate if such services or facilities are made available to all carriers at the same rates and on the same terms and conditions, and so long as the costs are appropriately allocated.

Related FCC Dockets

- 5. These requirements have been clarified and expanded upon in several FCC proceedings. These proceedings are subject to further modification in subsequent FCC orders, or in orders on reconsideration. Below is a list of FCC orders related to the above requirements:
- CC Docket No. 96-149, In the Matter of Implementation of the Non-Accounting Safeguards of Sections 271 and 272 of the Communications Act of 1934, as amended; *First Report and Order and Further Notice of Proposed Rulemaking*; Released December 24, 1996. Other releases under this docket were issued on February 19, 1997; June 24, 1997; June 10, 1998; September 3, 1999; April 27, 2001.
- CC Docket No. 96-150, In the Matter of Implementation of the Telecommunications Act of 1996: Accounting Safeguards Under the Telecommunications Act of 1996; *Report and Order*; Released December 24, 1996. Another release under this docket was issued on

June 30, 1999.

- CC Docket No. 96-98, In the Matter of Implementation of the Local Competition Provisions in the Telecommunications Act of 1996; *First Report and Order*; Released August 8, 1996 (First Interconnection Order); *Second Report and Order and Memorandum Opinion and Order*; Released August 8, 1996 (Second Interconnection Order)
- CC Docket No. 96-115, In the Matter of Implementation of the Telecommunications Act of 1996: Telecommunications Carriers' Use of Customer Proprietary Network Information and Other Customer Information; *Second Report and Order and Further Notice of Proposed Rulemaking*; Released February 26, 1998
- CC Docket No. 00-199, In the Matter of 2000 Biennial Regulatory Review -- Comprehensive Review of the Accounting Requirements and ARMIS Reporting Requirements for Incumbent Local Exchange Carriers: Phase 2; *Report and Order and Further Notice of Proposed Rulemaking*; Released November 5, 2001
- 6. In addition, the following pending FCC dockets may, if applicable to the activities of the BOC, result in additional regulations surrounding the Nondiscriminatory Requirements:

Notice of Proposed Rulemaking, FCC 01-339, released on November 19, 2001, dealing with several dockets, among which, CC Docket No. 01-321 Performance Measurements and Standards for Interstate Special Access Services; CC Docket No. 96-149 Implementation of the Non-Accounting Safeguards of Section 271 and 272 of the Communications Act of 1934, as amended; RM 10329 AT&T Corp. Petition to Establish Performance Standards, Reporting Requirements, and Self-Executing Remedies Need to Ensure Compliance by ILECs with Their Statutory Obligations Regarding Special Access Services.

Notice of Proposed Rulemaking, FCC 01-331, released on November 19, 2001, dealing with several dockets, among which, CC Docket No. 01-318 Performance Measurements and Standards for Unbundled Network Elements and Interconnection; CC Docket No. 98-56 Performance Measurements and Reporting Requirements for Operations Support Systems, Interconnection, and Operator Services and Directory Assistance.

The proposed regulations are to be considered by the practitioner only if adopted by the FCC, applicable to Section 272 relationships and to the extent in effect during the 2001/2002 engagement period.

Accounting Safeguards Under the Telecommunications Act of 1996: Section 272(d) Biennial Audit Procedures, CC Docket No. 96-150, Memorandum Opinion and Order, FCC 02-01 (rel. Jan. 10, 2002).

ENGAGEMENT PLAN

Engagement Period

7. The AUP engagement shall cover 24 months of operations beginning January 3, 2001 and ending January 2, 2003 for all states where Verizon has obtained authority to provide in-region interLATA services. For all of the Verizon 272 affiliates the engagement will also cover all assets added since the last audit. The biennial audit will cover all services for which a separate affiliate is required under Section 272(a)(2) and includes all BOCs within the Region and ILECs providing services to the Section 272 affiliates. The Audit Test Period will be from January 3, 2001 through September 30, 2002, except where noted.

Sampling

- 8. Certain audit procedures may require testing on a sample basis. The sample sizes and sampling methodologies to be used in performing such audit procedures shall be determined after the initial survey and/or during the performance of the audit of the Section 272 affiliate. Such determinations shall be made jointly by the practitioner and users. During this process, the practitioner shall obtain detailed listings or lists (representing the population of potential items to be tested) for each procedure. For those procedures requiring statistical sampling, the practitioner shall develop detailed statistical parameters that include the total number of items in the universe, the number of items sampled, method of selection. Where the users and practitioner indicate, and when appropriate, the practitioner shall select a statistically valid sample using random and stratified sampling techniques with the following parameters: a desired confidence level equal to 95%; a desired upper precision limit equal to 5%; and an expected error rate of 1%. Taking under consideration cost versus benefit to be derived, the Oversight Team shall approve the sampling plan, after consulting with Verizon, when reviewing the detailed procedures written by the practitioner and/or during the execution of the procedures.
- 9. Generally, the practitioner should consider all data and information falling within the engagement period; however, unless otherwise stated in this document or accepted by the Oversight Team, the practitioner should obtain data and information as of the latest period available during the engagement period. For procedures requiring sampling sizes to be based on information available as of or for the end of the twenty-first month, the practitioner will utilize September 30 as the relevant date, unless otherwise noted. In addition, to the extent that the companies' processes and procedures change between the time of execution of these procedures and the end of the engagement period, the practitioner has an obligation to test these changes to ensure continued compliance with the Section 272 requirements.

Definitions

- 10. <u>BOC</u> If the BOC transfers or assigns to an affiliated entity ownership of any network elements that must be provided on an unbundled basis pursuant to Section 251(c)(3), such entity shall be subject to all of the requirements of the BOC. For purposes of this engagement, in the event that the BOC provides exchange and/or exchange access services on a retail or wholesale basis exclusively through one or more of its subsidiaries or affiliates, or through one or more other subsidiaries, divisions, etc., of the parent Regional Holding Company, and the same services cannot be purchased directly from the BOC, then these entities shall also be subject to all of the relevant nondiscriminatory requirements of Objectives VII through XI of this document. Affiliates that merely resell the BOC's exchange services and/or exchange access services or lease unbundled elements from the BOC, or engage in permissible joint marketing activities (see Section 272(g)(1) of the Act), shall be excluded from these requirements.
- 11. <u>Verizon BOC</u> For the purposes of this engagement, the term "Verizon BOC" includes the following former Bell Atlantic telephone operating companies; Verizon New York, Inc., Verizon New England, Inc., Verizon Washington, D.C., Inc., Verizon Maryland, Inc., Verizon Virginia, Inc., Verizon West Virginia, Inc., Verizon New Jersey, Inc., Verizon Pennsylvania, Inc., Verizon Delaware, Inc. and any successor or assign of such company as described in ¶10. The term "BOC", for purposes of this engagement does not include the former GTE telephone operating companies listed below; they shall be termed "ILECs".

The term "ILEC" (Incumbent Local Exchange Carrier) includes the following former GTE telephone companies; Verizon California, Inc., Verizon Florida, Inc., Verizon Hawaii, Inc., Verizon Mid-States (Contel of the South, Inc.), Verizon Midwest (GTE Midwest, Inc.), Verizon North, Inc., Verizon Northwest, Inc., Verizon South, Inc., Verizon Southwest (GTE Southwest, Inc.), Verizon West Coast, Inc., Puerto Rico Telephone Company and The Micronesian Telecommunications Corp, and any successor or assign of such company as described in ¶10.

In addition, for the purpose of this engagement, Verizon Advanced Data Inc. (VADI) and VADI Virginia are to be treated as ILECs after the September 26, 2001 order, *Bell Atlantic/GTE Merger*, 16 FCC Rcd 16915 (2001).

12. Affiliate The term "affiliate" shall refer to a person that (directly or indirectly) owns or controls, is owned or controlled by, or is under common ownership or control with, another person. For this purpose, the term "own" means to own an equity interest (or the equivalent thereof) of more than 10 percent. (See Section 3 of the Communications Act of 1934, as amended.)

12

- 13. *Verizon Section 272 Affiliate* The audit procedures are required to be performed, unless otherwise specified, on all Section 272 affiliates as defined by the Act. For the purposes of this engagement, the term "separate affiliate" or "Section 272 affiliate" includes the following companies: Bell Atlantic Communications, Inc. (d/b/a/ Verizon Long Distance); NYNEX Long Distance Company (d/b/a Verizon Enterprise Solutions); Verizon Global Networks, Inc., Verizon Global Solutions, Inc.; and Telecom New Zealand USA Limited (TNZ USA). It also includes the following 272 affiliates resulting from the Bell Atlantic/GTE merger: Verizon Select Services Inc. (VSSI) (formerly GTE Communications Corp.); Codetel International Communications Inc. (CICI); TELUS Communications Inc. (TCI); TELUS Communications (Quebec) Inc. (QUE); and Compania Anonima Nacional Telefonos de Venezuela (CANTV); and any other affiliate that originates InterLATA telecommunications services in the Verizon region that is subject to Section 272 separation requirements; and any affiliate that engages in manufacturing activities as defined in Section 273(h).
- 14. Official Services Official Services mean those services permitted by the United States District Court for the District of Columbia in United States v. Western Electric Co. Inc. See 569 F. Supp. 1057, 1098, n.179 (1983) (defined as "communications between personnel or equipment of an Operating Company located in various areas and communications between Operating Companies and their customers"), and its progeny.
- 15. Obtain For purposes of this engagement, the term "obtain" as referred to in the procedures contained herein, shall mean that the practitioner will physically acquire, and generally retain in the working papers, all documents supporting the work effort performed to adequately satisfy the requirements of a procedure. The practitioner, in their professional judgement, shall decide which items are too voluminous to include in the working papers. The practitioner shall include a narrative description of the size of such items as well as any other reasons for their decision not to include them in the working papers.

Conditions of Engagement

- 16. The practitioner leading this engagement shall be a licensed CPA. The practitioner's team performing the engagement shall be familiar with the standards established for an agreed-upon procedures engagement, the requirements for the Biennial Audit, and its objectives. The team performing the engagement shall also be independent as defined in the Statements on Standards for Attestation Engagements (SSAE 10, paragraphs 1.35-1.38). All members of the team performing the engagement shall have a sufficient general understanding of the relevant information contained in the following documents:
 - Sections 271 and 272 of the Communications Act of 1934, as Amended;
 - Section 32.27, Transactions with Affiliates, of the FCC's Uniform System of Accounts for Telecommunications Companies (USOA);

13

- The relevant orders and rules from the following FCC Dockets:
 - a. CC Docket No. 86-111 dealing with the allocation of joint costs between the regulated and nonregulated activities of the telephone company;
 - b. CC Docket No. 96-149 dealing with the implementation of the non-accounting safeguards of Sections 271 and 272 of the Act;
 - c. CC Docket No. 96-150 dealing with the implementation of the accounting safeguards of Sections 271 and 272 of the Act;
 - d. CC Docket No. 96-98 dealing with the implementation of the local competition provisions of the Act (the interconnection orders);
 - e. CC Docket No. 96-115 dealing with the use of customer proprietary network information;
 - f. Notice of Proposed Rulemaking, FCC 01-339, released on November 19, 2001, dealing with several dockets, among which, CC Docket No. 01-321 Performance Measurements and Standards for Interstate Special Access Services; CC Docket No. 96-149 Implementation of the Non-Accounting Safeguards of Section 271 and 272 of the Communications Act of 1934, as amended; RM 10329 AT&T Corp. Petition to Establish Performance Standards, Reporting Requirements, and Self-Executing Remedies Need to Ensure Compliance by ILECs with Their Statutory Obligations Regarding Special Access Services. The proposed regulations are to be considered by the practitioner only if adopted by the FCC, applicable to Section 272 relationships and to the extent in effect during the 2001/2002 engagement period.
 - g. Notice of Proposed Rulemaking, FCC 01-331, released on November 19, 2001, dealing with several dockets, among which, CC Docket No. 01-318 Performance Measurements and Standards for Unbundled Network Elements and Interconnection; CC Docket No. 98-56 Performance Measurements and Reporting Requirements for Operations Support Systems, Interconnection, and Operator Services and Directory Assistance. The proposed regulations are to be considered by the practitioner only if adopted by the FCC, applicable to Section 272 relationships and to the extent in effect during the 2001/2002 engagement period.
- Verizon's Section 271 application(s) and related FCC approval(s);

- Orders issued by state commissions approving interconnection agreements that are covered in the scope of the engagement;
- Petitions for arbitration with the BOC for those agreements tested within the engagement.
- 17. In addition, to the extent the practitioner determines procedures included in this plan cannot be performed, the practitioner will propose alternate procedures to the Oversight Team, as appropriate. The practitioner will inform the Oversight Team if the practitioner determines it is necessary to modify the agreed upon procedures or the scope of the engagement, in order to provide the users with all of the information needed to determine compliance with the various requirements. The practitioner shall include any additional hours and fees that would result from revisions of the procedures or of the scope of the engagement. After the practitioner informs the Oversight Team of any revisions to the final audit program or to the scope of the audit, the Oversight Team shall inform Verizon about these revisions. These revisions will be subject to the procedures described in paragraph 3 above.
- 18. The practitioner may use the services of a specialist for assistance in highly technical areas. The practitioner and the users shall explicitly agree to the involvement of any specialist to assist in the performance of the engagement. The specialist shall not be affiliated in any form with Verizon.
- 19. The practitioner's use of internal auditors shall be limited to the provision of general assistance and the preparation of schedules and gathering of data for use in the engagement. Under no circumstances shall the internal auditors perform any of the procedures contained in this document. All the procedures in this document shall be performed by the practitioner.
- 20. The practitioner shall not use or rely on any of the procedures performed during any of the Verizon BOC/ILEC cost allocation manual (CAM) audits to satisfy any of the requirements in Objectives V/VI.

Representation Letters

21. The practitioner shall obtain three types of representation (assertion) letters. The first type of representation letter shall address all items of an operational nature (see para. 22). The second type of representation letter shall address all items of a financial nature (see para. 23). The third type of representation letter shall state that all Section 272 affiliates have been disclosed (see para. 24). The following paragraphs detail the contents of each type of representation letter.

- 22. The representation letters related to operations issues shall be signed by the Chief Operating Officer or the equivalent of the Verizon BOC/ILEC and each Section 272 affiliate and shall include the following:
- a. acknowledgement of management responsibility for complying with specified requirements;
- b. acknowledgement of management responsibility for establishing and maintaining an effective internal control structure over compliance;
- c. statement that Verizon has performed an internal evaluation of its compliance with the specified requirements;
- d. statement that management has disclosed or will disclose to the practitioner all known noncompliance occurring up to the date of the draft report;
- e. statement that management has made available all documentation related to compliance with the specified requirements;
- f. statement that management has disclosed all written communications from regulatory agencies, internal auditors, external auditors, and other practitioners, and any written formal or informal complaints to regulatory agencies from competitors, concerning possible noncompliance with the specified requirements, including communications received between the end of the period addressed in management's assertion and the date of the practitioner's report;
- g. statements that: each Section 272 affiliate operates independently from the Verizon BOC/ILEC; no Verizon BOC/ILEC owns any facilities jointly with the Section 272 affiliate; no Verizon BOC/ILEC, or other affiliates other than the Section 272 affiliate itself, provides any operations, installation, and maintenance functions over the facilities owned by the Section 272 affiliate, or leased by the Section 272 affiliate from unaffiliated entities; no 272 affiliate provides any operations, installation, and maintenance functions over the BOC/ILEC's facilities; and no Verizon BOC/ILEC is providing and did not provide any research and development that is a part of manufacturing on behalf of the Section 272 affiliate pursuant to Section 272(a);
- h. statement that each Section 272 affiliate has separate officers, directors, and employees from those of any Verizon BOC/ILEC;
- i. statement that no Verizon BOC discriminated between itself or the Section 272 affiliate and any other entity in the provision or procurement of goods, services, facilities, and information, or the establishment of standards (on the Verizon BOC's representation letter only);

- j. statement that the Verizon BOC/ILEC subject to Section 251(c) of the Act has fulfilled requests from unaffiliated entities for telephone exchange service and exchange access within a period no longer than the period in which it provides such telephone exchange service and exchange access to itself or its affiliates (on the Verizon BOC representation letter only);
- k. statement that the Verizon BOC/ILEC subject to Section 251(c) of the Act has made available facilities, services, or information concerning its provision of exchange access to other providers of interLATA services on the same terms and conditions as it has made available to its Section 272 affiliate that operates in the same market (on the Verizon BOC/ILEC's representation letter only).
- 23. The representation letters related to financial issues shall be signed by the Chief Financial Officer or the equivalent of each Verizon BOC/ILEC and each Section 272 affiliate and shall include the following:
- a. statement that each Section 272 affiliate maintains separate books, records, and accounts from those of the Verizon BOC/ILEC and that such separate books, records, and accounts are maintained in accordance with GAAP;
- b. statement that each Section 272 affiliate has not obtained credit under any arrangement that would permit a creditor, upon default, to have recourse to the assets of the Verizon BOC/ILEC;
- c. statement that management has identified to the practitioner all assets transferred or sold since the last audit, and services rendered: (i) by the Verizon BOC/ILEC to each Section 272 affiliate; and (ii) by each Section 272 affiliate to the Verizon BOC/ILEC; and that these transactions have been accounted for in the required manner;
- d. statement that the Verizon BOC/ILEC subject to Section 251(c) of the Act has charged its Section 272 affiliate, or imputed to itself (if using the access for its provision of its own services), an amount for access to its telephone exchange service and exchange access that is no less than the amount charged to any unaffiliated interexchange carriers for such service (on the Verizon BOC/ILEC's representation letter only);
- e. statement that, if the Verizon BOC/ILEC and an affiliate subject to Section 251(c) of the Act make available and/or have provided any interLATA facilities or services to its interLATA affiliate, such facilities or services are made available to all carriers at the same rates and on the same terms and conditions, and the associated costs are appropriately allocated (on the Verizon BOC/ILEC's representation letter only);

- f. statement that management has not changed any of the Verizon BOC/ILEC processes or procedures (as they relate to transactions of any kind with the Section 272 affiliate) and that these procedures and processes have continued to be implemented on a consistent basis, since the execution of these agreed-upon procedures without apprising the practitioner, before the date of the draft report (on the Verizon BOC/ILEC's representation letter only).
- 24. The representation letter related to the disclosure of all Section 272 affiliates shall be signed by the Chief Financial Officer of Verizon and shall state that each Section 272 affiliate has been identified, accounted for in the required manner, and disclosed in the required manner.

Engagement Process

- 25. The General Standard Procedures, which were drafted through the cooperative efforts of Federal and State Regulators and various industry groups, are intended to provide general areas of audit work coverage and uniformity of audit work among all regions, to the extent possible, considering state regulatory and corporate differences. The standards identified throughout this document are not legal interpretations of any rules or regulations. To the extent that these standards conflict with any FCC rules and regulations, the FCC rules and regulations govern. Accordingly, by agreeing to these procedures, neither the FCC nor Verizon concede any legal issue or waive any right to raise any legal issue concerning the matters addressed in these procedures.
- 26. The General Standard Procedures shall be used by Verizon as a guide for drafting the preliminary audit requirements, including the proposed scope of the audit, as prescribed in Section 53.211(a) and (b) of the Commission's rules. Under these rules, Verizon shall submit the preliminary audit requirements, including the proposed scope and extent of testing, to the Oversight Team before engaging an independent accounting firm to conduct the Biennial Audit. The Oversight Team shall then have 30 days to review the preliminary audit requirements to determine whether they are adequate to meet the audit requirements in Section 53.209 of the Commission's rules and "determine any modifications that shall be incorporated into the final audit requirements" (Section 53.211(b). The preliminary audit requirements and scope of the audit shall be similar to the General Standard Procedures and shall cover all the areas described in that model. Verizon shall not engage any practitioner who has been instrumental during the past two years in designing any of the systems under review in the Biennial Audit. After Verizon has engaged a practitioner to perform the Biennial Audit, the process for drafting detailed procedures shall proceed as follows:
- The Oversight Team and the practitioner shall perform a joint survey of the Section 272 affiliate and the relevant Verizon BOC/ILEC. The Oversight Team and the practitioner shall coordinate with Verizon to determine the nature, timing and extent of this survey at a mutually agreeable time and location. The survey shall provide the practitioner and the

18

Oversight Team with an overview of the company's structure and policies and procedures such as record keeping processes, the extent of affiliate transactions, and Verizon BOC/ILEC procedures for processing orders for services received from affiliates, unaffiliated entities, and its own end-user customers. The survey shall be conducted between four to six months before the end of the period to be covered by this engagement.

- The practitioner shall develop a detailed audit program based on the final audit requirements and submit it for review to the Oversight Team (Section 53.211(d)).
- The Oversight Team shall have 30 days to review the detailed procedures for consistency and adequacy of audit coverage and shall provide to the practitioner any modifications that shall be incorporated into the final audit program (Section 53.211(d)).
- 27. Access to all information during the section 272(d) biennial audit shall be restricted to: (a) FCC staff members; (b) state commission staff members where the state commission by statute protects company proprietary data; (c) state commission staff members who have signed a protective agreement with Verizon; (d) state commission staff members of any participating state that has confidentiality procedures in effect covering all staff and that requires the Chairman or designee to sign the protective agreement on behalf of the entire commission including commission staff; and (e) state commission staff members who have not signed the protective agreement, but that Verizon does not object to provide oral or written information, provided that they do not take possession of such information.
- 28. The detailed examination of transactions shall begin at such time as the practitioner deems appropriate to complete the engagement in accordance with the time schedule set forth in Section 53.211 and Section 53.213 of the Commission's rules.
- 29. During the conduct of this engagement, and until issuance of the final report to the Commissions, the practitioner shall schedule monthly meetings with the Oversight Team and, at the discretion of the practitioner and the Oversight Team, with Verizon, to discuss the progress of the engagement. The practitioner shall inform the Oversight Team well in advance, but not less than 10 days, of plans to meet with representatives of Verizon for the following reasons: to discuss plans and procedures for the engagement; to survey Verizon operations; to review Verizon procedures for maintaining books, records, and accounts; and to discuss problems encountered during the engagement. It shall not be necessary for the practitioner to inform the Oversight Team of meetings with the client to ask for clarification or explanation of certain items, explore what other records exist, or request data. The practitioner shall immediately inform in writing the Oversight Team of any deviation from, or revisions to, the final detailed audit procedures and provide explanations for such actions. The practitioner shall submit to the Chief, Enforcement Bureau, and shall copy the Oversight Team and, at the practitioner's discretion, Verizon, any rule interpretation necessary to complete the engagement. The practitioner shall advise the Oversight Team of the need for additional time to complete the

19

engagement in the event that the Oversight Team requests additional procedures (see 30c. below). Finally, the practitioner shall immediately inform in writing the Oversight Team of any failure by Verizon to respond to requests for information during the engagement.

Timetables

- 30. In order to complete the engagement in a timely manner, the following time schedule for completion of certain tasks is provided:
- a. Within 60 days after the end of the engagement period, but prior to discussing the findings with Verizon, the practitioner shall submit a draft of the report to the Oversight Team for all procedures, except that the data for Objective VIII, procedure 4, shall include only the initial 21 months of the 24-month engagement period for all services other than feature group D. Within 90 days from the end of the engagement period, the practitioner shall submit a supplemental draft of the report that will include all of the information required by Objective VIII, procedure 4, including feature group D.
- b. The Oversight Team shall have 45 days to review the findings and working papers and offer its recommendations, comments, and exceptions concerning the conduct of the engagement to the practitioner. The exceptions of the Oversight Team to the findings and conclusions of the practitioner that remain unresolved shall be included in the final report.
- c. If the Oversight Team requests additional procedures, the practitioner shall advise the Oversight Team and Verizon of any need for additional time to perform such procedures. Otherwise, within 15 days after receiving the Oversight Team's recommendations and making the appropriate revisions, the practitioner shall submit the report to Verizon for its comments on the findings, and to the Oversight Team.
- d. Within 30 days after receiving the report, Verizon will comment on the findings and send a copy of its comments to both the practitioner and the Oversight Team. Verizon will also provide the practitioner and the Oversight Team notification of all items contained in the draft report, which Verizon contends to be confidential. The BOC's response shall be included as part of the final report.
- e. Within 10 days after receiving Verizon's comments, the practitioner may respond to Verizon's comments and shall make available for public inspection the final report by filing it with the regulatory agencies having jurisdiction over Verizon. The final report shall contain the procedures employed with the related findings, the Oversight Team's comments, Verizon's comments, the practitioner's reply comments, and a copy of these procedures as executed.

f. Interested parties shall have 60 days from the date the report is made available for public inspection to file comments with the Commission and/or any state regulatory agency.

Report Structure

- 31. Consistent with the AICPA standards for AUP engagements, the practitioner must present the results of performing the audit procedures in the form of findings, including dollar amounts, resulting from application of the audit procedures. The practitioner shall include in the report all the information required to be included in the report by the procedures and any further information required by the Oversight Team subject to the provisions of paragraph 3. The practitioner must avoid vague or ambiguous language in reporting the findings and shall describe in the final report all instances of noncompliance noted or disclosed by Verizon during the engagement and not covered by the performance of these procedures. Where samples are used to test data, the report shall identify the size of the universe from which the samples were drawn, the size of the sample, the sampling methodology used and, where appropriate, the standard deviation and mean. The final report shall contain the procedures employed with the related findings, the Oversight Team's comments, Verizon's comments, the practitioner's reply comments, and a copy of these procedures as executed. The practitioner's report must also contain the following elements:
 - a. A title that includes the word independent.
 - b. Identification of the specified parties.
 - c. Identification of the subject matter (or the written assertion related thereto) and the character of the engagement.
 - d. Identification of Verizon as the responsible party.
 - e. A statement that the subject matter is the responsibility of the responsible party.
 - f. A statement that the procedures performed were those agreed to by the specified parties identified in the report or as directed by the Bureau or the Commission, as specified in paragraph 3.
 - g. A statement that the agreed-upon procedures engagement was conducted in accordance with attestation standards established by the AICPA.

- h. A statement that the sufficiency of the procedures is solely the responsibility of the specified parties and a disclaimer of responsibility for the sufficiency of those procedures.
- i. A list of the procedures performed (or reference thereto) and related findings.
- j. A statement that the practitioner was not engaged to and did not conduct an examination of the subject matter, the objective of which would be the expression of an opinion, a disclaimer of opinion on the subject matter, and a statement that if the practitioner had performed additional procedures, other matters might have come to his or her attention that would have been reported.
- k. This report becomes a matter of public record via the practitioner's filing the final report with the FCC and the state regulatory agencies having jurisdiction over Verizon.
- 1. A description of any limitations imposed on the practitioner by the BOC/ILEC or any other affiliate, or other circumstances that might affect the practitioner's findings.
- m. A description of the nature of the assistance provided by specialists and internal auditors.

VERIZON COMMUNICATIONS BIENNIAL ENGAGEMENT PROCEDURES

Procedures for the Former GTE Companies

Throughout the procedures which follow, reference is made to the '272 affiliate'. Since Verizon has more than one '272 affiliate', the agreed upon procedures must be performed on all 272 affiliates, unless specified otherwise in the procedures.

- A. For Objectives VIII through XI, where the procedures refer to "ILEC", the practitioner will perform the procedures only in states that the BOC received 271 authority as of the engagement period.
- B. For the following 272 affiliates: CICI, TCI, QUE, CANTV and TNZ USA,
 - 1. Obtain and provide to the Oversight Team InterLATA revenue and number of InterLATA customers data for each state served by the former Bell Atlantic and NYNEX, as of December 31, 2000, 2001, and September 30, 2002. The Oversight Team will review this information and determine what other procedures might need to be performed besides those indicated below.
 - 2. Inquire of management for each of the above affiliates, obtain representation letters, and disclose in the report the answers to the following questions for the engagement period:
 - a. Were there any changes in the company's certificate of incorporation, bylaws, and articles of incorporation, or any "doing business as" (DBA) name change, since the last engagement period?
 - b. Did any Verizon BOC/ILEC perform operations, installation, and maintenance functions over facilities either owned or leased by the affiliate?
 - c. Did the company perform operations, installation, and maintenance functions over facilities either owned or leased by a Verizon BOC/ILEC?
 - d. Did any Verizon BOC/ILEC perform research and development activities on behalf of the affiliate?
 - e. Were there any facilities owned jointly with a Verizon BOC/ILEC?

- f. Was the company's general ledger linked in any way (outside of linkage at corporate headquarters for consolidations) to the general ledger of any Verizon BOC/ILEC?
- g. Did the company maintain any books, records, or accounts that were not separate from those of any Verizon BOC/ILEC?
- h. Were there any books, records, or accounts that were not maintained in accordance with GAAP? Were there any leases that were not accounted for in accordance with GAAP?
- i. Did any directors or officers of the company serve simultaneously as a director and/or officer of any Verizon BOC/ILEC?
- j. Were any employees of the company employed simultaneous by any Verizon BOC/ILEC?
- k. Did the company have any recourse, in any manner, to any Verizon BOC's/ILEC's assets?
- 1. Were any assets sold or transferred between any Verizon BOC/ILEC and the company?

If the answer to any of the above questions is "yes", then perform the relevant procedures for Objectives I-IV, and disclose in the report.

- 3. Perform Procedure 1 related to complaints under Objectives V/VI. Examine and report on all complaints filed with either the FCC or the state commissions against the operations of these companies in the Verizon states formerly served by Bell Atlantic and NYNEX.
- 4. Inquire of management as to the existence of any affiliate transactions and/or relationships between these affiliates and the Verizon BOCs/ILECs, and obtain details of all such transactions. If there are any such affiliate transactions, perform the relevant procedures for Objectives V/VI through Objective XI to determine whether these transactions were compliant with the structural, transactional, and nondiscrimination requirements of Section 272 of the Act, and disclose in the report.
- 5. Obtain from management representation letters as listed in paragraphs 22, 23, and 24 of these procedures, and disclose in the report any instances of noncompliance revealed by the company.

C. For the following 272 affiliate: VSSI

Perform all procedures under Objectives I through XI.

D. Relationship between 272 affiliates, other than those mentioned above, and ILECs:

Inquire of management as to whether any relationship in terms of structural, transactional and nondiscrimination requirements exists between Bell Atlantic Communications, Inc. (d/b/a Verizon Log Distance); NYNEX Long Distance Company (d/b/a Verizon Enterprise Solutions; Verizon Global Networks, Inc.; and Verizon Global Solutions. Whenever such a relationship exists, perform the relevant procedures and disclose in the report.

Follow-up Procedures on the Prior Engagement

- 1. The following matters were noted in the prior engagement:
- a. PwC analyzed all 839 agreements that were posted on Verizon's web sites and found that not all postings were timely and that there were omissions and inaccuracies in some postings (V&VI-6 in prior report, V&VI-5 in this program).
- b. The results of some performance measurement data examined in the course of the audit raised issues concerning compliance with the requirements in Section 272(e)(1). This Section requires that Verizon's BOC/ILECs complete requests from unaffiliated entities for telephone exchange service and exchange access within a period no longer than the period in which it provides such telephone exchange service and exchange access to itself or its affiliates (VIII-3 in prior report, VIII-4 in this program).
- c. The seven performance measurements provided to auditors for examination are not the same as the six performance measurements that Verizon, in its application for Section 271 authorization in New York State, demonstrated that it would maintain for evaluating the BOC's compliance with its Section 272(e)(1) nondiscrimination obligations (VIII-3 in prior report, VIII-4 in this program).
- d. The BOC continued to provide real estate services to Bell Atlantic Global Networks, Inc. (BAGNI), one of Verizon's 272 affiliates, after the agreements/contracts for the services had expired (V&VI-5 in prior report, V&VI-4 in this program).
- e. Verizon was unable to provide data necessary to determine Fair Market Value (FMV) at the unit charge level for 49 of 70 transactions selected for examination to determine whether charges made were based on the appropriate Commission-required pricing method--Fully Distributed Cost (FDC) or FMV. Also, the Section 272 affiliate was charged an amount other than FDC or FMV for 9 of the 70 transactions examined (V&VI-9 in prior report, V&VI-6 in this program).
- 2. When performing the procedures related to the above matters (V&VI-4, V&VI-5, V&VI-6, and VIII-1 to VIII-6 in this program), the practitioner should note in the report whether these matters continued to exist beyond the previous engagement period, what action management took to ensure their non-recurrence or improvement, and the effective date.

Procedures for Structural Requirements

OBJECTIVE I. Determine whether the separate affiliate required under Section 272 of the Act has operated independently of the Bell operating company.

STANDARDS

The FCC has issued rules and regulations in CC No. Docket 96-149, Implementation of the Non-Accounting Safeguards of Sections 271 and 272 of the Communications Act of 1934, as amended. Some of those rules require that,

- A BOC and its Section 272 affiliate cannot jointly own transmission and switching facilities, broadly defined as local exchange and exchange access facilities, or the land and buildings where those facilities are located. (See 47 C.F.R. Section 53.203(a)(1) and First Report and Order, para. 15, 158, 160)
- A Section 272 affiliate shall not perform operating, installation or maintenance functions associated with the BOC's facilities. Likewise, a BOC or any BOC affiliate, other than the Section 272 affiliate itself, shall not perform operating, installation or maintenance functions associated with the facilities that each Section 272 affiliate owns or leases from a provider other than the BOC with which it is affiliated. (See 47 C.F.R. Section 53.203(a)(2), (3) and First Report and Order, para. 15, 158, 163)
- To the extent that research and development is a part of manufacturing, it must be conducted through a Section 272 affiliate. If a BOC seeks to develop services for or with its Section 272 affiliate, the BOC must develop services on a nondiscriminatory basis for or with other entities pursuant to Section 272(c)(1). (See First Report and Order, para. 169)

PROCEDURES

1. Inquire of management whether there have been any changes in the certificate of incorporation, bylaws, and articles of incorporation of the Section 272 affiliates covered in the first Biennial Audit and/or there have been any legal and/or "doing business as" (DBA) name changes since the last engagement period. Inspect the certificate of incorporation, bylaws, and articles of incorporation of each Section 272 affiliate, not included in the first Biennial Audit, to determine whether these affiliates were established as corporations separate from the Verizon BOC/ILEC. Note in the report the results of this procedure.

- 2. Obtain and inspect corporate entities' organizational chart(s) and confirm, as appropriate, with legal representatives of the Verizon BOC/ILEC, Section 272 affiliates, and Verizon Communications, the legal, reporting, and operational corporate structure of the Section 272 affiliates. Disclose these facts in the report. Document and disclose in the report who owns the Section 272 affiliates.
- 3. Inquire of management, identify and document which entity performs operations, installation and maintenance functions over facilities either owned or leased by each Section 272 affiliate. Obtain management's definition and interpretation of operations, installation, and maintenance (OI&M) functions. Describe in the report management's definition of OI&M. Disclose in the report whether or not any of these services are being performed by the Section 272 affiliates on facilities either owned or leased by the Verizon BOC/ILECs, or whether or not any of these services are being performed by Verizon BOC/ILECs and other affiliates, on facilities either owned or leased by the Section 272 affiliates.
- 4. Inquire of management to determine whether the Verizon BOC/ILECs perform any R&D activities on behalf of the Section 272 affiliates. If yes, obtain descriptions of research and development (R&D) activities of the Verizon BOC/ILEC for the first **twenty-one months of the engagement period** and note any R&D related to the activities of each Section 272 affiliate. For R&D related to the activities of each Section 272 affiliate, inquire with Verizon BOC/ILEC personnel for more details, such as the extent of R&D provided, progress reports, cost, and whether the Section 272 affiliate has been billed and has paid for this service and disclose in the report. Inquire and disclose in the report as to whether R&D service is offered and/or has been performed when requested by unaffiliated entities.
- 5. Obtain as of the end of the twenty-first month of the engagement period the balance sheet of each Section 272 affiliate and a detailed listing of all fixed assets including capitalized software which agrees with the amount shown in the balance sheet. If the list does not agree, inquire and document why and disclose in the report by what amount the assets in the Balance Sheet are more than, or less than, as appropriate, the total amount of the assets on the detailed listing. Identify in the report the types of assets involved in these differences and provide explanations. Verify that the detailed listing includes a description and location of each item, date of purchase, price paid and recorded, and from whom purchased or transferred. Disclose in the report any item, including dollar amounts, where any of this information is missing. Inspect title and/or other documents, which reveal ownership, of a statistically valid sample of transmission and switching facilities, including capitalized software, and the land and buildings where those facilities are located, added since January 3, 2001. If any of these documents are not made available, disclose in the report. Look for and make a note of any facilities that are

owned jointly with the Verizon BOC/ILEC and disclose in the report. The balance sheet information obtained in this procedure should also be used to perform Procedure 8 under Objectives V and VI.

OBJECTIVE II. Determine whether the separate affiliate required under Section 272 of the Act has maintained books, records, and accounts in the manner prescribed by the Commission that are separate from the books, records, and accounts maintained by the Bell operating company.

STANDARDS

In CC Docket No. 96-150, Implementation of the Accounting Safeguards Under the Telecommunications Act of 1996, the FCC requires that each Section 272 affiliate maintain books, records, and accounts, in accordance with generally accepted accounting principles (GAAP), and separate from those of the BOC. (See Report and Order, para. 170)

PROCEDURES

- 1. Obtain the general ledger (G/L) of each Section 272 affiliate and match the title on the G/L with the name of the affiliate on the certificate of incorporation to determine that a separate G/L is maintained. Look for special codes, if any, which may link this G/L to the G/L of the Verizon BOC/ILEC and provide documentation. State in the report whether or not a separate G/L is maintained, if not, explain why. Note: Linkage at corporate headquarters for consolidations is an accepted practice.
- 2. Obtain each Section 272 affiliate's financial statements and lease agreements as of the end of the <u>twenty-first month of the engagement period</u>. Identify leases for which the annual obligation listed in the lease agreement is \$500,000 or more. Test both leases for which the 272 affiliate is the lessor and leases for which the 272 affiliate is the lessee. For a statistically valid sample of leases, make a note of the terms and conditions to determine whether these leases have been accounted for in accordance with GAAP. Determine whether client lease accounting policies are in accordance with GAAP. Disclose in the report any instance where these leases were not accounted for in accordance with GAAP.

<u>OBJECTIVE III.</u> Determine whether the separate affiliate required under Section 272 of the Act has officers, directors, and employees that are separate from those of the Bell operating company.

STANDARDS

The FCC in CC Docket No. 96-149, Implementation of the Non-Accounting Safeguards of Section 271 and 272 of the Communications Act of 1934, as amended, interprets the above requirement further by stating the following:

- Separate officers, directors, and employees simply dictates that the same person may not simultaneously serve as an officer, director, or employee of both a BOC and its Section 272 affiliate. (See First Report and Order, para. 178.)

PROCEDURES

- 1. Inquire, document and disclose in the report whether each Section 272 affiliate and the Verizon BOC/ILEC maintain separate boards of directors, separate officers, and separate employees. For each Verizon BOC/ILEC and Section 272 affiliate, obtain a list of the names of directors and officers of the Verizon BOC/ILEC and Section 272 affiliate, including the dates of service for each Board member and officer for the engagement period. Compare the list of names of directors and officers of the Verizon BOC/ILEC with the list of names of directors and officers of the Section 272 affiliate. For those names appearing on both lists, obtain explanations from management and request social security numbers and addresses to ensure that they are not the same individuals. Disclose in the report the number of directors and officers (who have the same social security number and address) who served simultaneously as a director and/or officer of the Verizon BOC/ILEC and Section 272 affiliate.
- 2. Obtain from their respective Human Resource Departments a list of names and social security numbers of all employees of each Section 272 affiliate and each Verizon BOC/ILEC for the engagement period. Run a program which compares names and social security numbers of employees and document in the workpapers the names appearing on both lists, respectively. For any employee appearing on both lists simultaneously, inquire and document why in the report.

OBJECTIVE IV. Determine that the separate affiliate required under Section 272 of the Act has not obtained credit under any arrangement that would permit a creditor, upon default, to have recourse to the assets of the Bell operating company.

STANDARDS

The FCC in 47 C.F.R. Section 53.203(d) indicates that a Section 272 affiliate shall not obtain credit under any arrangement that would permit a creditor, upon default, to have recourse to the assets of the BOC of which it is an affiliate.

The FCC also expands on this premise in CC Docket No. 96-149, Implementation of the Non-Accounting Safeguards of Section 271 and 272 of the Communications Act of 1934, as amended. In this docket the Commission states that,

- A BOC cannot co-sign a contract or any other instrument with a Section 272 affiliate that would allow each Section 272 affiliate to obtain credit granting recourse to the BOC's assets. (See First Report and Order, para. 189)
- The BOC parent, or any other non-272 affiliate, cannot sign or co-sign a contract or any arrangement with a Section 272 affiliate that would allow the creditor to have recourse to the BOC assets. (See First Report and Order, para. 189)
- A Section 272 affiliate cannot enter any arrangement with any party that would permit the lender to have recourse to the BOC in the event of a default. (See First Report and Order, para. 189)

PROCEDURES

- 1. Document in the workpapers each Section 272 affiliate's debt agreements/instruments and credit arrangements with lenders and major suppliers of goods and services. Look for guarantees of recourse to the Verizon BOC's/ILEC's assets, either directly or indirectly through another affiliate, and document those instances and disclose in the report. Major suppliers are those having \$500,000 or more in annual sales (as stated in the agreement or having \$375,000 in sales through the ninth month of the engagement period) to the Section 272 affiliate.
- 2. Using the lease agreements obtained in Objective II, Procedure 2, document any instances in which each Section 272 affiliate's lease agreements (where the annual obligation is \$500,000 or more as stated in the agreement) have recourse to the assets of the Verizon BOC/ILEC, either directly or indirectly through another affiliate, and disclose in the report.

3. For all debt instruments, leases, and credit arrangements maintained by each Section 272 affiliate in excess of \$500,000 of annual obligations and for a sample of 10 debt instruments, leases and credit arrangements that are less than \$500,000 in annual obligations (judgmental sample), obtain (positive) confirmations from loan institutions, major suppliers, and lessors to attest to the lack of recourse to the Verizon BOC/ILEC's assets. Disclose in the report any recourse noted.

Procedures for Accounting Requirements

<u>OBJECTIVE V</u>. Determine whether the separate affiliate required under Section 272 of the Act has conducted all transactions with the Bell operating company on an arm's length basis with the transactions reduced to writing and available for public inspection.

<u>OBJECTIVE VI</u>. Determine whether or not the Bell operating company has accounted for all transactions with the separate affiliate in accordance with the accounting principles and rules approved by the Commission.

STANDARDS

The FCC in CC Docket 96-150, Implementation of the Accounting Safeguards Under the Telecommunications Act of 1996, interprets the above requirements further by stating:

A Section 272 affiliate shall conduct all transactions with the BOC of which it is an affiliate on an arm's length basis, pursuant to the accounting rules described in 47 C.F.R. Section 32.27, Transactions with Affiliates, of the FCC Rules and Regulations, with any such transactions reduced to writing and available for public inspection. (See 47 C.F.R. Section 53.203(e)). Section 32.27 requires the following:

For transactions involving the sale or transfer of assets or products between the carrier and affiliates:

- a. assets sold to or by the carrier under tariff must be recorded at tariffed rate in the books of the carrier;
- b. nontariffed assets sold to or by the carrier that qualify for prevailing price must be recorded at prevailing price in the books of the carrier. In order to qualify for prevailing price valuation, sales of a particular asset must encompass greater than 50% (25% permissible since January 1, 2002) of the total quantity of such product sold by an entity; 50% (25% permissible since January 1, 2002) threshold is applied on an asset by asset basis rather than on a product line basis;
- c. all other assets sold by or transferred from a carrier to affiliates must be recorded in the books of the carrier at no less than the higher of fair market value or net book cost; (Note: carriers are required to make a good faith estimate of fair market value.)

d. all other assets purchased by or transferred to a carrier from affiliates must be recorded in the books of the carrier at no more than the lower of fair market value or net book cost;

Exception: Threshold. Carriers are required to make a good faith determination of fair market value for an asset when the total aggregate annual value of the asset(s) reaches or exceeds \$500,000, per affiliate. When a carrier reaches or exceeds the \$500,000 threshold for a particular asset for the first time, the carrier must perform the market valuation and value the transaction on a going-forward basis in accordance with the affiliate transactions rules. When the total aggregate annual value of the asset(s) does not reach or exceeds \$500,000, the asset(s) shall be recorded at net book cost.

For transactions involving the provision of services between the carrier and affiliates:

- a. services provided to or by the carrier at tariff must be recorded at tariffed rate in the books of the carrier;
- b. nontariffed services provided to or by the carrier pursuant to publicly filed agreements submitted to a state commission must be recorded in the books of the carrier at the rate appearing in publicly filed agreements;
- c. nontariffed services provided to or by the carrier that qualify for prevailing price must be recorded in the books of the carrier at prevailing price. In order to qualify for prevailing price valuation, sales of a particular service must encompass greater than 50% (25% permissible since January 1, 2002) of the total quantity of such service sold by an entity; 50% (25% permissible since January 1, 2002) threshold is applied on a service by service basis rather than on a service line basis;
- d. all other services provided to a carrier by an affiliate must be recorded in the books of the carrier at no more than the lower of fair market value or fully distributed cost.
- e. all other services provided by the carrier to an affiliate must be recorded in the books of the carrier at no less than the higher of fair market value or fully distributed cost.

Exception: Threshold. Carriers are required to make a good faith determination of fair market value for a service when the total aggregate annual value of that service reaches or exceeds \$500,000, per affiliate. When a carrier reaches or exceeds the \$500,000 threshold for a particular service for the first time, the carrier must perform the market valuation and value the transaction on a going-forward basis in accordance with the affiliate transactions rules. When the total aggregate annual value of the service does not reach or exceeds \$500,000, the service shall be recorded at fully distributed cost.

- f. Fully distributed cost is determined by following the standards contained in 47 C.F.R. Section 64.901, Allocation of Costs, of the FCC Rules and Regulations. These rules emphasize direct assignment and cost causation. First, costs are to be directly assigned either to regulated or nonregulated activities to the maximum extent possible. Then, costs which cannot be directly assigned are to be grouped into homogeneous cost pools and allocated in accordance with direct or indirect measures of cost causation. Residual costs which cannot be apportioned on any cost-causative basis will be apportioned using the general allocator. The general allocator is the ratio of all expenses directly assigned or attributed to nonregulated activities, to the total of all (regulated and nonregulated) directly assigned or attributed expenses.
- A BOC and a Section 272 affiliate may provide in-house services to one another, except for operating, installation, or maintenance services. These in-house services, however, must be provided on an arm's length basis, and must be in writing. (See CC Docket No. 96-149, First Report and Order, para 180)
- Provision of exchange and exchange access services and unbundled network elements constitute transactions requiring disclosure (See CC Docket No. 96-150, Report and Order, para. 124). These transactions include the provision of transmission and switching facilities by the BOC and its affiliate to one another. (See CC Docket No. 96-149, First Report and Order, para. 193)
- The separate affiliate must provide a detailed written description of the asset transferred or service provided, together with the specific price, frequency, and the terms and conditions of the transaction on the Internet within 10 days of the transaction through the company's home page. (Note: a transaction is deemed to have occurred once the BOC and its affiliate have agreed upon the terms and conditions of the transaction, not when the service is actually performed or the asset actually sold.) These descriptions should be sufficiently detailed to allow evaluation of compliance with accounting rules. This information must also be made available for public inspection at the principal place of business of the BOC and must contain a certification statement identical to that included in the ARMIS

Reports. This certification statement declares that an officer of the BOC has represented that to the best of his knowledge all statements of fact contained in the submission are true and the submission is an accurate statement of the affairs of the BOC for the relevant period. (See CC Docket No. 96-150, Report and Order, para. 122)

- Affiliate transaction rules apply to transactions between the BOC and each Section 272 affiliate; between each Section 272 affiliate and a nonregulated affiliate, that ultimately result in an asset or service being provided to the BOC, i.e., chained transactions. (See CC Docket No. 96-150, Report and Order, para. 183)
- Products and services made available to the Section 272 affiliate and to unaffiliated companies need not meet the 50 % threshold (25 % permissible threshold since January 1, 2002) in order for a BOC to record the transaction involving such products and services at prevailing price. (See CC Docket No. 96-150, Report and Order, para. 137; CC Docket No. 00-199, Report and Order, Appendix F, Section 32.27)
- Nondiscrimination requirements extend to any good, service, facility, or information that a BOC provides to its Section 272 affiliate(s) with the exception of joint marketing, which is covered in Section 272(g) of the Act. Unaffiliated entities must have equal opportunity to acquire any such good, service, facility, or information. In particular, if a BOC were to decide to transfer ownership of a unique facility, such as its Official Services network, to a Section 272 affiliate, it must ensure that the Section 272 affiliate and unaffiliated entities have an equal opportunity to obtain ownership of this facility. (See CC Docket No 96-149, First Report and Order, para. 218)
- Interstate rate base, revenue requirements, and price cap indices of the BOC must be reduced by the costs related to any regulated facilities transferred to each Section 272 affiliate. (See CC Docket No. 96-150, Report and Order, para. 265)

PROCEDURES

- 1. Document in the working papers the procedures used by the Verizon BOC & ILEC to identify, track, respond, and take corrective action to competitors' complaints with respect to alleged violations of the Section 272 requirements. Obtain from the Verizon BOC/ILEC a list of all FCC formal complaints, as defined in 47 CFR 1.720; FCC informal complaints, as defined in 47 CFR 1.716 and any written complaints made to a state regulatory commission from competitors involving the provision or procurement of goods, services, facilities, and information, or in the establishment of standards which were filed during the engagement period. This list should also include outstanding complaints from the prior engagement period, which had not been resolved during that period. The list should group the complaints in the following categories:
 - allegations of cross-subsidies (for Objectives V and VI);
 - allegations of discriminatory provision or procurement of goods, services, facilities, customer network services information (excludes customer proprietary network information (CPNI)), or the establishment of standards (for Objective VII);
 - allegations of discriminatory processing of orders for, and provisioning of, exchange access and exchange services and unbundled network elements, and discriminatory resolution of network problems (for Objective VIII);
 - allegations of discriminatory availability of exchange access facilities (for Objective IX);
 - allegations of discriminatory availability of interLATA facilities or services not at the same rates and not on the same terms and conditions as the interLATA affiliate (for Objective XI).

For each group of complaints, determine by inquiry and documentation how many of these complaints were under investigation, how many complaints had been resolved and in what time frame they had been resolved, if feasible, and disclose in the report. For those complaints that had been resolved, document and disclose in the report how those allegations were concluded and, if the complaint was upheld, inquire and document and disclose in the report what steps the company has taken to prevent those practices from recurring.

Note: Although applicable to complaints pertaining to Objective V/VI, VII, VIII, IX and XI, this procedure appears only once and will be performed only once for Objectives V/VI, VII, VIII, IX and XI. However, reporting of the results of this procedure should be made under each respective objective.

- 2. Obtain from the Verizon BOC/ILEC and each Section 272 affiliate, current written procedures for transactions with affiliates. Compare these procedures with the FCC rules and regulations indicated as "standards" above. Note and describe any differences and disclose in the report.
- 3. Inquire and describe how the Verizon BOC/ILEC and each Section 272 affiliate disseminate the FCC rules and regulations and raise awareness among employees for compliance with the affiliate transactions rules. For this purpose, describe in the report type and frequency of training, if any, literature distributed, company's policy, and document the supervision employees responsible for affiliate transactions received. Interview employees responsible for the development and recording of affiliate transactions costs in the books of record of the carrier to determine awareness of these rules. Disclose in the report whether these employees demonstrated knowledge of these rules.
- 4. Obtain listing of all written agreements for services and for interLATA and exchange access facilities between the Verizon BOC/ILEC and each Section 272 affiliate which were in effect during the first **twenty-one months of the engagement period**. For a statistically valid sample, obtain copies of written agreements, summarize these agreements, if feasible, otherwise, include copies of relevant pages, and note names of parties, type of service, price, terms, and conditions. Note which agreements are still in effect. For those agreements no longer in effect, indicate the termination date; identify agreements terminated prematurely and document why and disclose in the report. Inquire and document and disclose in the report the provisioning of any service without a written agreement.
- 5. Using the sample of the agreements obtained in procedure 4, view each company's web site on the Internet and compare the prices and terms and conditions of services and assets shown on this site to the agreements provided in Procedure 4 above. Disclose in the report any instance where any item in the agreement does not agree with the corresponding item on the Internet. Using the same sample as above, obtain a list of the principal places of business (BOC headquarters) where these agreements are made available for public inspection. Using a judgmental sample of locations agreed to by the Joint Oversight Team, by physical inspection, determine whether the same information is made available for public inspection at the principal place of business (BOC headquarters) of the Verizon BOC/ILEC. Describe any differences and inquire why such differences exist and disclose in the report. If the company makes any claim of confidentiality for nondisclosure, obtain details. It should be noted that these transactions should be posted for public inspection within 10 days of their occurrence. Document in the working papers the dates when the agreements in the sample were signed and/or the services were first rendered (whichever took place first) and the dates of posting on the Internet. Inquire and note in the report late postings and reasons when

posting took place after 10 days of signing of agreement or provision of service (whichever took place first). Document in the working papers the procedures the company has in place for posting these transactions on a timely basis. The information provided on the Internet should be in sufficient detail to allow evaluation for compliance with accounting rules (see Docket No. 96-150, Report and Order, para. 122). For example, such disclosures should include a description of the rates, terms, and conditions of all transactions, as well as the frequency of recurring transactions and the approximate date of completed transactions. For asset transfers, the disclosure should include the appropriate quantity and, if relevant, the quality of the transferred assets. For affiliate transactions involving services, the disclosure should include the number and type of personnel assigned to the project, the level of expertise of such personnel (including the associated rate per service unit (e.g. contacts, hours, days, etc)), any special equipment used to provide the service, and the length of time required to complete the transaction. Additionally, the disclosure should state whether the hourly rate is a fully-loaded rate, and whether or not that rate includes the cost of materials and all direct and indirect miscellaneous and overhead costs, for goods and services provided at FDC. If the information disclosed on the Internet is not sufficiently detailed as described above, document and describe in the report any differences and inquire why such differences exist. (See Docket No. 98-121, Memorandum Opinion and Order, para. 337.) Obtain copies of these public postings and include in the working papers.

6. Obtain a listing and amounts of all services rendered by month by the Verizon BOC/ILEC to each Section 272 affiliate during the first twenty-one months of the engagement period. For those services made available to the Section 272 affiliate that are not made available to third parties, using a statistically valid sample, compare unit charges to PMP, FDC, or FMV, as appropriate, to determine whether these amounts were recorded in the books of the Verizon BOC/ILEC in accordance with the affiliate transactions rules. When differences exist, note in the report the number of instances and the amount by which each item is greater than or less than the amount required by the rules. Inquire and note reasons for these occurrences in the report. Disclose in the report the differences between the amount the Section 272 affiliate has recorded for the services in its books of account and the amount the Section 272 affiliate has paid for the same services to the Verizon BOC/ILEC.

- 7. Obtain a listing and amounts of all services rendered by month to the Verizon BOC/ILEC by each Section 272 affiliate during the first twenty-one months of the engagement period. Using a statistically valid sample, compare unit charges to tariff rates, PMP, FDC, or FMV, as appropriate, to determine whether these services were recorded in the books of the Verizon BOC/ILEC in accordance with the affiliate transactions rules. When differences exist, note in the report the number of instances and the amount by which each item is greater than or less than the amount required by the rules. Inquire and make a note of reasons for these occurrences in the report. Disclose in the report the differences between the amount the Verizon BOC/ILEC has recorded for the services in its books of account and the amount the Verizon BOC/ILEC has paid for the same services to the Section 272 affiliate.
- 8. Obtain as of the end of the <u>twenty-first month of the engagement period</u> the balance sheet of each Section 272 affiliate and a detailed listing of all fixed assets which agrees with the amount shown in the balance sheet. If the list does not agree, inquire and document why and disclose in the report by what amount the assets in the Balance Sheet are more than, or less than, as appropriate, the total amount of the assets on the detailed listing. Identify in the report the types of assets involved in these differences and provide explanations. This detailed listing should include a full description of each item, location, date of purchase, price paid and recorded, and from whom purchased or transferred. The balance sheet information obtained in this procedure should also be used to perform Procedure 5 under Objective I. For items added since January 3, 2001, perform the following steps:
 - a. For those items purchased or transferred from the Verizon BOC/ILEC, obtain net book cost and fair market value. Inquire and document in the report how the fair market value was determined. Inspect these transactions to determine whether they were recorded in the books of the Verizon BOC/ILEC at the higher of FMV or net book cost, as required by the Commission's rules in Section 32.27 and disclose in the report.
 - b. For those items purchased or transferred from another affiliate, identify and document in the report whether they were originally transferred from the Verizon BOC/ILEC to other affiliates.
 - c. For those items purchased or transferred from the Verizon BOC/ILEC, either directly or through another affiliate, since January 3, 2001, also inquire and obtain details as to how the Verizon BOC/ILEC made an equal opportunity available to unaffiliated entities to obtain ownership of the facilities and disclose in the report. Describe and disclose in the report how and upon what basis the Verizon BOC/ILEC decided to transfer/sell the facilities to a Section 272 affiliate instead of an unaffiliated entity.

- 9. Where assets and/or services are priced pursuant to Section 252(e) (i.e., as approved by the regulatory commissions) or statements of generally available terms pursuant to Section 252(f), for a statistically valid sample of assets and/or services, compare the price the Verizon BOC/ILEC charges each Section 272 affiliate to the stated price in the publicly-filed agreements or statements and document any differences in the report.
- 10. Inquire and obtain details as to whether any part of the Verizon BOC/ILEC's Official Services network was transferred or sold to a Section 272 affiliate since January 3, 2001. In addition to the requirements for Procedure 8, for any transfer or sale of Official Services network assets on or after January 3, 2001, inquire and obtain details as to how the Verizon BOC/ILEC made an equal opportunity available to unaffiliated entities to obtain ownership of the facilities. Describe how and upon what basis the Verizon BOC/ILEC decided to transfer/sell the facilities to a Section 272 affiliate instead of an unaffiliated entity. Disclose all of the above facts in the report.

Procedures for Nondiscrimination Requirements

OBJECTIVE VII. Determine whether or not the Bell operating company has discriminated between the separate affiliate and any other entity in the provision or procurement of goods, services, facilities, and information, or the establishment of standards.

STANDARDS

The FCC in CC Docket No. 96-149, Implementation of the Non-Accounting Safeguards of Section 271 and 272 of the Communications Act of 1934, as amended, establishes some non-discriminatory rules and regulations. These rules and regulations do not permit a Bell operating company (BOC) to discriminate in the following manner:

- by giving preference to a Section 272 affiliate's equipment in the procurement process. (See First Report and Order, para. 16)
- in awarding contracts for telecommunications equipment directly to their affiliate in a manner that violates Section 273(e)(1) or 273(e)(2). (See First Report and Order, para. 234)
- by failing to provide advance information about network changes to its competitors. (See First Report and Order, para. 16)
- by not offering third parties the same goods, services, facilities and information (excludes customer proprietary network information (CPNI) and joint marketing) that it provides to its Section 272 affiliate at the same rates, terms, and conditions. (See First Report and Order, para. 202 and 218)

NOTES:

(i) BOCs are not required under the nondiscrimination rules and regulations to provide to third parties Customer Proprietary Network Information (CPNI) that is shared with affiliates (see *Second Report and Order*, CC Docket No. 96-115, Released February 26, 1998, para. 169). The provision of "information" referenced in the nondiscriminatory rules and regulations excludes CPNI. CPNI is defined in Section 222(f)(1) of the Act and includes information that is personal to customers as well as commercially valuable to carriers, such as to whom, where and when a customer places a call, as well as the types of service offerings to which the customer subscribes and the extent the service is used.

- (ii) BOCs are allowed to jointly market and sell affiliate-provided interLATA services without offering comparable joint marketing opportunities to other providers of interLATA services (see Section 272(g)(2) of the Act, and CC Docket No. 96-149, First Report and Order, Paragraphs 291-292). However, if BOCs market or sell their telephone exchange services through joint marketing conducted by the Section 272 affiliate, then the BOCs must also permit third parties to market and sell its telephone exchange services (see Section 272(g)(1) of the Act).
- in establishing or adopting any standards that favor its Section 272 affiliate(s) over third parties. (See First Report and Order, para. 208 and 229)
- in developing new services solely for its Section 272 affiliate(s). (See First Report and Order, para. 210)
- in purposely delaying the implementation of an innovative new service by denying a competitor's reasonable request for interstate exchange access until its Section 272 affiliate was ready to provide competing service. (See First Report and Order, para. 211)
- in marketing its affiliate's interLATA services to inbound callers without informing them of their right to select the interLATA carrier of their choice. (See First Report and Order, para. 292)

NOTE:

A BOC's obligation to inform callers of their long distance choices is limited to customers who order *new* local exchange *service*. A caller orders "new service" when the customer either receives service from the BOC for the first time, or moves to another location within the BOC's in-region territory. (*See In the Matter of AT&T Corp., Complainant, v. New York Telephone Company, d/b/a Bell Atlantic – New York, Defendant, Memorandum Opinion and Order, File No. EB-00-MD-011; FCC 00-362; at ¶¶ 13-15.)*

In addition, a Section 272 affiliate may not market or sell information services and BOC telephone exchange services together, unless the BOC permits other information service providers to market and sell telephone exchange services. (See First Report and Order, para. 287)

PROCEDURES

- 1. Obtain and inspect the Verizon BOC's procurement awards to each Section 272 affiliate during the first **twenty-one months of the engagement period** and inspect bids submitted by each Section 272 affiliate and third party, note terms, and discuss with Verizon BOC representatives how the selection was made and disclose in the report. Compare this practice with the Verizon BOC written procurement procedures and note any differences. Disclose in the report all instances of procurement awards given to the Section 272 affiliates where the terms of bids submitted by third parties were more favorable than those submitted by the Section 272 affiliates. Disclose in the report the differences between the terms submitted by the Section 272 affiliates and other bidders.
- 2. Obtain a list of all goods (including software), services, facilities, and customer network services information, excluding CPNI as defined in Section 222(f)(1) of the Act, and exchange access services and facilities inspected in Objective IX, made available to each Section 272 affiliate by the Verizon BOC/ILEC. For a statistically valid sample of items from this list, inquire and obtain copies of the media used by the Verizon BOC to inform unaffiliated entities of the availability of the same goods, services, facilities, and information at the same price, and on the same terms and conditions. Disclose in the report the results of this procedure.
- 3. Obtain a list from the Verizon BOC of all unaffiliated entities who have purchased the same goods, as the Section 272 affiliates, (including software), services, facilities, and customer network services information (excludes CPNI) from the Verizon BOC, during the first twenty-one-months of the engagement period. Provide preliminary monthly data to the Joint Oversight Team. Based on the preliminary data, the Joint Oversight Team will select a month for testing. For the month selected by the Joint Oversight Team, describe what goods, services, facilities, and customer network services information were purchased and the extent of purchases made. Select a statistically valid sample of such purchases and compare the rates, terms, and conditions of the sampled items to the rates, terms, and conditions of the items purchased by each Section 272 affiliate. Note any differences and disclose in the report. For the sampled items, document the amount each Section 272 affiliate was billed and the amount paid for the same items purchased from the Verizon BOC and disclose differences in the report.
- 4. Document and disclose in the report how the Verizon BOC disseminates information about network changes, the establishment or adoption of new network standards, and the availability of new network services to each Section 272 affiliate and to unaffiliated entities. Note any differences in the report.

- 5. At the service call centers observed in procedure 6 below, obtain and inspect scripts that Verizon BOC's customer service representatives recite to new customers calling, or visiting customer service centers, to establish new local telephone service. If these scripts contain language to attempt to sell interLATA services, note and disclose in the report whether these scripts inform the consumers that there are other providers of interLATA services and that these providers, along with the interLATA service affiliates, are identified to the consumers. In addition, obtain and inspect the written content of the Verizon BOC website for on-line ordering of new service and note and disclose in the report whether the consumers are informed that there are other providers of interLATA services and that these providers, along with the interLATA service affiliate, are identified to the consumers.
- 6. Observe (listen in for a statistically valid number of inbound calls) Verizon BOC's customer service representatives, see Procedure 5 above, responding to inbound callers requesting to establish new local telephone service to whom the sales representatives attempt to market the Section 272 affiliate's interLATA service. Labor union concurrence may be needed for this procedure. Note messages conveyed during observation. Note and disclose in the report any instances where the customer service representative steered the caller to obtain the interLATA services of the Section 272 affiliate, did not inform the caller of other providers of interLATA services, and did not inform the caller of his right to make the selection.

OBJECTIVE VIII. Determine whether or not the Bell operating company and an affiliate subject to Section 251(c) of the Act have fulfilled requests from unaffiliated entities for telephone exchange service and exchange access within a period no longer than the period in which it provides such telephone exchange service and exchange access to itself or its affiliates.

STANDARDS

Although the FCC in CC Docket No. 96-149, Implementation of the Non-Accounting Safeguards of Section 271 and 272 of the Communications Act of 1934, as amended, reached various conclusions, a further proceeding in this matter, currently underway, will provide the implementing rules and regulations. We will revise these procedures to conform to the new rules and regulations when available so long as the new rules are adopted by the FCC, applicable to Section 272 relationships and to the extent in effect during the 2001/2002 engagement period. The conclusions reached by the Commission provide that,

- for equivalent requests the response time a BOC provides to unaffiliated entities should be no greater than the response time it provides to itself or its affiliate. (See First Report and Order, para 240)
- a BOC must make available to unaffiliated entities information regarding the service intervals in which the BOC provides service to itself or its affiliates. (See First Report and Order, para. 242)
- a BOC must not provide a lower quality service to competing interLATA service providers than the service it provides to its Section 272 affiliate at a given price. (See First Report and Order, para. 16)

In its Section 271 applications, Verizon made commitments regarding compliance with Section 272(e)(1) of the Act. This included the commitment to provide the performance monitoring that will assist in confirmation of nondiscriminatory performance in Verizon's dealings with its 272 affiliates. If the Commission adopts reporting requirements, Verizon BOC/ILEC will fully comply.

PROCEDURES

- 1. Document in the working papers the practices and processes the Verizon BOC/ILEC has in place to fulfill requests for telephone exchange service and exchange access service for the Section 272 affiliates, other affiliates, and nonaffiliates in each state where Verizon has been authorized to provide in-region interLATA services. If the Section 272 affiliates, other affiliates are treated differently than nonaffiliates, note and describe all differences in the report. Describe in the report the BOC's internal controls and procedures designed to implement its duty to provide nondiscriminatory service.
- 2. For each state where Verizon has been authorized to provide in-region interLATA services, document in the working papers the processes and procedures followed by the Verizon BOC/ILEC to provide information regarding the availability of facilities used in the provision of special access service to its Section 272 affiliates, other affiliates, and nonaffiliates. Note any differences. Inquire of management whether any employees of the Section 272 affiliates or other affiliates have access to, or have obtained, information regarding special access facilities availability in a manner different from the manner made available to nonaffiliates (e.g., direct calls, placed prior to ordering, from the Section 272 affiliates or BOC account managers to employees who may have facilities availability information). Disclose in the report any such instances.
- 3. For each state where Verizon has been authorized to provide in-region interLATA services, obtain written methodology that the Verizon BOC/ILEC follows to document time intervals for processing orders (for initial installation requests, subsequent requests for improvement, upgrades or modifications of service, or repair and maintenance), provisioning of service, and performing repair and maintenance services for the Section 272 affiliates, other affiliates, and nonaffiliates for the services described in Procedure 4, below. Briefly describe this methodology in the report. If the company does not have any written procedures inquire and document why in the report.
- 4. For each state where Verizon has been authorized to provide in-region interLATA services, obtain, and include as an attachment to the report, performance data maintained by the Verizon BOC/ILEC during the engagement period, by month, indicating time intervals for processing orders (for initial installation requests, subsequent requests for improvement, upgrades or modifications of service, or repair and maintenance), provisioning of service, and performing repair and maintenance services for the Section 272 affiliates, other affiliates, and nonaffiliates, as separate groups, for the following services:
 - Telephone exchange service, if the Section 272 affiliate resells local service or intraLATA toll service.

- Exchange access services for DSO, DS1, DS3, feature group D, and OCn, as individual groups. Feature group D data shall be limited to January through December 2002, and shall include only measures (b), (c), (d), and (e) noted below.
- Unbundled network elements, if the Section 272 affiliate leases any unbundled network elements from the Verizon BOC/ILEC.
- Presubscribed Interexchange Carrier (PIC) change orders for intraLATA toll services (if the Section 272 affiliate provides this service) and interLATA services.

Where appropriate, the performance measures data shall reflect the standard deviation, as well as mean. For each of the above services, except for PIC change orders, the measurements shall be those that Verizon has committed to maintain in each Section 271 application to prove compliance with these nondiscriminatory requirements. These measurements are the same in all states where Verizon has obtained Section 271 approval, except for the state of New York. For the purpose of this audit, the measurements for New York shall be those that Verizon committed to for the other states. These measurements are as follows:

- a. <u>Firm Order Confirmation Response Time</u>: i.e., The amount of elapsed time between the receipt of a valid order request (Access Service Request-ASR) from each group of carriers/customers and the distribution of a service order confirmation back to the customer. Indicate the total number of order requests for each service and for each group of customers.
- b. Average Installation Interval: i.e., The average interval expressed in business days, between the date the service order of each group of carriers/customers was placed and the date the service order was completed for orders completed during the current reporting period. This amount excluded orders having commitment dates set by customers. This amount is calculated by dividing the total business days for all installation orders or circuits from each group of carriers/customers by the number of installation orders or circuits from carriers/customers. Indicate the total number of service orders for each service and for each group of customers.
- c. % Installation Commitments Met: i.e., The percentage of commitments met during the current reporting period. This amount is calculated by dividing the number of installation orders or circuits from each group of carriers/customers completed by commitment date by the total number of installation orders or circuits. Indicate the total number of installation orders for each service and for each group of customers.
- d. Total Trouble Reports: i.e., The total number of circuit-specific trouble reports

referred to the BOC/ILEC by each group of carriers/customers during the current reporting period. Indicate the total number of circuit-specific trouble reports for each service, for each group of customers.

e. Average Repair Interval: i.e., The average interval, expressed in hours to the nearest tenth based on a stopped clock, from the time of the reporting carriers receipt of the trouble report to the time of acceptance by the complaining carrier/customer. This interval is defined as interval measure in clock hours, excluding only time when maintenance is delayed due to circumstances beyond the BOC/ILEC's control. Typical reasons for delay include, but are not limited to, premise access when a problem is isolated to the location or absence of customer support test facilities. This amount is calculated by dividing the total hours for the total trouble reports divided by the number of total trouble reports. Indicate the total number of trouble reports for each service, for each group of customers.

For PIC change orders, the measurements shall be as follows:

a. Average Time of PIC Change: i.e., Time measured from receipt of carrier initiated change to completion at switch. Indicate the total number of PIC change orders for each group of customers. For ILEC in Pennsylvania, average time of carrier-initiated PIC change will be measured on a percent completed within 24 hour basis.

Note and disclose in the report differences in time in fulfilling each type of request for the same services from the Section 272 affiliates, other affiliates, and nonaffiliates. Elicit explanations from Verizon where fulfillment of requests from nonaffiliates took longer than for own Section 272 affiliates. For PIC changes, provide in the report a linear graph for each state, over the entire engagement period, depicting the performance for the Section 272 affiliates, and nonaffiliates.

- 5. Perform a statistically valid sample of the underlying data used to compute the results in Procedure 4 above for the first 21 months of the audit period. From the resulting state/month/measure combinations, select a judgmental sample, that includes all services, for the latest month reported for each performance measure appearing in one state which is served by one of the OSS systems used by the BOCs to track performance data. (Each different OSS system should be tested separately for the sub-regions NY, NE (MA, RI, NH, VT, ME), and PA/DE/NJ.) Replicate the results obtained in Procedure 4 above. Compare the results as recomputed with the output data that is tracked and maintained by the Verizon BOC/ILEC and document any differences in the report.
- 6. Determine by inquiry, first, and then by inspection, how and where the Verizon BOC/ILEC makes available to unaffiliated entities information regarding service intervals in providing any service to the Section 272 affiliates, other affiliates, and nonaffiliates. Document the results in the report.

OBJECTIVE IX. Determine whether or not the Bell operating company and an affiliate subject to Section 251(c) of the Act have made available facilities, services, or information concerning its provision of exchange access to other providers of interLATA services on the same terms and conditions as it has to its affiliate required under Section 272 that operates in the same market.

STANDARDS

The FCC in CC Docket No 96-149, Implementation of the Non-Accounting Safeguards of Section 271 and 272 of the Communications Act of 1934, as amended, indicates that a BOC may not discriminate in favor of its Section 272 affiliate in the following manner:

- by providing exchange access services to competing interLATA service providers at a higher rate than the rate offered to its Section 272 affiliate. (See First Report and Order, para. 16)
- by not making available facilities and services to others on the same terms, conditions and prices that it provides to its Section 272 affiliate. (See First Report and Order, para. 316)

PROCEDURES: This objective is closely related to Objective XI which contains procedures for the provision by the BOC of interLATA facilities and services. Therefore, these procedures may be performed in conjunction with the procedures for Objective XI.

- 1. Obtain list of exchange access services and facilities with their related rates offered to each Section 272 affiliate and inspect to determine whether the Verizon BOC/ILEC makes these services and facilities available at the same rates and on the same terms and conditions to all carriers. For this purpose, inspect brochures, advertisements of any kind, bill inserts, correspondence, or any other media used to inform carriers of the availability of these services. Using a statistically valid sample of the informational media identified above, compare rates, terms, and conditions offered to each Section 272 affiliate with those offered to unaffiliated carriers. Note in the report all exceptions.
- 2. Obtain a listing of all invoices for exchange access services and facilities, by BAN, for one month (to be determined by the Oversight Team after discussing with Verizon) rendered by the Verizon BOC/ILEC to the Section 272 affiliate, and other interexchange carriers (IXCs). Using a statistically valid sample of billed items, inspect underlying details of invoices and compare rates charged, and terms and conditions applied to each Section 272 affiliate with those charged and applied to IXCs for the same services and note any differences. For purposes of making the comparison with the IXCs, for each billed item selected obtain a list of 10 IXCs (or less, if there are fewer matches) that ordered the same billed item during the same period. Apply a random number generator

- to determine which IXC to compare with the rates, terms and conditions applied to each Section 272 affiliate. If differences are noted, pursue the matter further through inquiry of appropriate personnel and note why they occurred and disclose in the report.
- 3. Using the sampled invoices obtained in Procedure 2 above, trace the amount invoiced for exchange access services to each Section 272 affiliate and determine whether the amount invoiced was the amount recorded by the Verizon BOC/ILEC and paid by each Section 272 affiliate. For this purpose, identify and inspect method of payment such as cancelled checks, wire transfers, and, if needed, summaries of invoiced amounts corresponding to the amount paid. Note any differences and inquire as to why they occurred and disclose in the report.

OBJECTIVE X. Determine whether or not the Bell operating company and an affiliate subject to Section 251(c) of the Act have charged its separate affiliate under Section 272, or imputed to itself (if using the access for its provision of its own services), an amount for access to its telephone exchange service and exchange access that is no less than the amount charged to any unaffiliated interexchange carriers for such service.

STANDARDS

The FCC has issued rules and regulations in CC Docket No. 96-149, Implementation of the Non-Accounting Safeguards of Sections 271 and 272 of the Communications Act of 1934, as amended. These rules require that,

- A BOC may not discriminate in favor of its Section 272 affiliate by providing exchange access services to competing interLATA service providers at a higher rate than the rate offered to its Section 272 affiliate (See First Report and Order, para. 16). This requirement is met,
 - If the affiliate purchases exchange service and exchange access service at tariffed rates. (See First Report and Order, para. 256)
 - If the affiliate acquires services or unbundled elements from a BOC at prices that are available on a nondiscriminatory basis under Section 251. (See First Report and Order, para. 256)
 - If the BOC files with the State Commission a statement of generally available terms pursuant to Section 271(c)(1)(B) which would include prices that are available on a nondiscriminatory basis in a manner similar to tariffing, and a BOC's Section 272 affiliate obtains access or interconnection at a price set forth in the statement. (See First Report and Order, para. 256)
 - If a BOC makes volume and term discounts available on a nondiscriminatory basis to all unaffiliated interexchange carriers. (See First Report and Order, para. 257)
- BOCs are required to charge nondiscriminatory prices, and to allocate properly the costs of exchange access according to the affiliate transactions and joint cost rules. (See First Report and Order, para. 258)
- For integrated operations (for operations performed within the company and not under a separate affiliate), a BOC must impute to itself an amount for access to its telephone exchange service and exchange access that represents tariffed rates (See First Report and Order, para. 256). This tariffed rate must be the highest rate paid for access by

unaffiliated carriers. The BOC may consider the comparability of the service provided. (See CC Docket No. 96-150 Report and Order, para. 87)

PROCEDURES

- 1. Obtain a list of interLATA services offered by the Verizon BOC/ILEC and discuss list with appropriate Verizon BOC employees to determine whether the list is comprehensive. Compare services appearing on the list with interLATA services disclosed in the Verizon BOC's Cost Allocation Manual (CAM) and note any differences in the report. Compare the nonregulated interLATA services listed in the Verizon BOC's/ILEC's CAM with those defined as incidental in Section 271(g) of the Act and those interLATA services allowed under FCC order (for example E911) and note any differences and disclose in the report.
- 2. From the list of services obtained in Procedure 1 above, by using a statistically valid sample of interLATA services offered by the Verizon BOC/ILEC and not through an affiliate, determine whether the Verizon BOC is imputing (charging) to itself an amount for access, switching, and transport. Obtain usage details and tariff rates for each of the above elements. Match rates used in calculations with the tariff rates or those rates charged other interexchange carriers (IXCs) and note any differences in the report. Trace amount to the journal entry and to the general ledger of the Verizon BOC/ILEC. The entry should be a debit to nonregulated operating revenues (decrease) and a credit to regulated revenues (increase). If the process followed by the Verizon BOC/ILEC is different from the one described above, disclose in the report.
- 3. For each of the following categories of services, viz., exchange access services, local exchange services, and unbundled network elements, provided by the Verizon BOC/ILEC to the Section 272 affiliate during the engagement period, document the total amount the affiliate has recorded for those services in its books and reconcile with the amount the affiliate paid to the BOC/ILEC and the amount of revenue reflected in the Verizon BOC's/ILEC's books for those services. Disclose differences, if any, in the report.

OBJECTIVE XI. Determine whether or not the Bell operating company and an affiliate subject to Section 251(c) of the Act have provided any interLATA facilities or services to its interLATA affiliate and made available such services or facilities to all carriers at the same rates and on the same terms and conditions, and allocated the associated costs appropriately.

STANDARDS

Valuation and recording procedures for sales or transfers of any interLATA or intraLATA facilities to each Section 272 affiliate, leasing of any unbundled network elements, or provision of any service by the BOC to each Section 272 affiliate are covered in Objectives V and VI of this program, under the affiliate transactions rules.

BOC network services and unbundled network elements made available under Section 251 to each Section 272 affiliate must also be made available at the same price to unaffiliated companies. (See CC Docket No. 96-149, First Report and Order, para. 256)

PROCEDURES: This objective is closely related to Objective IX which contains procedures for the provision by the BOC of exchange access services. Therefore, these procedures may be performed in conjunction with the procedures for Objective IX.

- 1. Obtain list of interLATA network services and facilities with their related rates offered by the Verizon BOC/ILEC to each Section 272 affiliate to determine whether the Verizon BOC/ILEC makes these services and facilities available at the same rates, terms, and conditions to all carriers. For this purpose, inspect brochures, advertisements of any kind, bill inserts, correspondence, or any other media used to inform carriers of the availability of these services. Using a statistically valid sample of informational media identified above, compare rates, terms, and conditions offered each Section 272 affiliate with the rates, terms, and conditions offered unaffiliated carriers and disclose differences in the report.
- 2. Obtain an invoice for interLATA network services and facilities for one month (to be determined by the Oversight Team after discussing with Verizon) rendered by the Verizon BOC/ILEC to the Section 272 affiliate and other interexchange carriers (IXCs) that receive these services from the Verizon BOC/ILEC. Using a statistically valid sample of billed items, inspect underlying details of invoice and compare rates charged, and terms and conditions applied to each Section 272 affiliate with those charged and applied to other IXCs for the same services and note any differences. For purposes of making the comparison with the IXCs, for each billed item selected obtain a list of IXCs that ordered the same billed item during the same period. Apply a random number generator to determine which IXCs to compare with the rates, terms and conditions applied to each Section 272 affiliate. If differences are noted, pursue the matter further

- through inquiry of appropriate personnel and note why they occurred and disclose in the report.
- 3. Using the invoices obtained in Procedure 2 above, trace the amount invoiced to each Section 272 affiliate for interLATA facilities and services and determine whether the amount invoiced was the amount recorded by the Verizon BOC/ILEC and paid by each Section 272 affiliate. For this purpose, identify and inspect method of payment such as cancelled checks, wire transfers, and, if needed, summaries of invoiced amounts corresponding to the amount paid. Note any differences and inquire as to why they occurred and disclose in the report.

Procedures for Subsequent Events

- 1. Inquire of management whether companies' processes and procedures have changed since the time of execution of these procedures and the end of the engagement period. If so, identify those changes and re-perform the related procedures to determine continued compliance with those requirements. Disclose in the report changes and results of the procedures re-performed.
- 2. Inquire of and obtain written representation from management as to whether they are aware of any events subsequent to the engagement period, but prior to the issuance of the report, that may affect compliance with any of the objectives described in this document. Disclose in the report any such event.

Verizon's Comments to the Biennial Section 272 Report, Dated June 11, 2003

| Section 272 Audit Report Issue/Report Language | Management Response |
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| APPENDIX A- Domestic 272s | |
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| Objective I, Procedure 5 We obtained the balance sheet and detailed fixed asset listing, including capitalized software, as of September 30, 2002 for VLD, VES, GNI, VSSI and GSI. We compared the fixed asset balances in the balance sheets to totals listed on VLD's, VES's, GNI's, VSSI's and GSI's detailed fixed asset listings and noted the following: For VSSI, we noted the fixed asset amount in the balance sheet is \$1,535,253 more than the total amount on the detailed fixed asset listing. We inquired of management and management indicated that the difference is due to certain credit amounts and write-offs held in a clearing account, which had not yet been classified to the appropriate fixed asset category, in the balance sheet. | The differences between the balances on the September 30, 2002 balance sheet and the totals on the VSSI detailed fixed asset listing are due to: a) amounts that were known differences awaiting write-off and b) amounts held in a fixed asset clearing account that had not yet been classified to the appropriate fixed asset category in the balance sheet as of September 30, 2002. The known differences were written off and the clearing account was cleared to the appropriate fixed asset categories in the balance sheet as of December 31, 2002. The detailed fixed asset record was updated also for the clearings. As of the December 31, 2002 balance sheet, no differences existed, therefore the amount on the balance sheet was properly stated and conformed to GAAP. |
| Objective II, Procedure 2 For 2 of 20 leases, we noted that the "Statement of Financial Accounting Standards No. 13, Accounting for Leases" assessment indicated that the leases were not properly recorded as a capital lease. | The determination of capital lease treatment requires one to have several pieces of data such as equipment useful life, residual value, future lease payments, and the terms of the lease contract in order to perform a SFAS #13 capital lease test. In this instance, the accounting for leases transactions was performed at remote locations and not by the centralized accounting staff. |
| | Verizon has instituted new procedures to strengthen internal accounting controls. Effective immediately, the central accounting staff in Frazer, Pa. will perform a SFAS #13 capital lease test on all new leases by obtaining all pertinent information directly from Verizon Credit Inc., the lessor, when a new lease or an amendment of an existing lease is executed. The remaining value of the lease obligation liability at March 31, 2003 will be recorded in the financial statements of VSSI in the second quarter of 2003 by increasing leased assets and by recording a corresponding lease obligation liability. The impact of this misstatement was not significant to the balance sheet or the income statement of the VSSI legal entity. |
| Objective V &VI, Procedure 4 We inquired of management regarding the provisioning of services without written agreements. Management indicated the following (Also Reference Appendix B-1, Objective V/VI, Procedure 4): | During the engagement period, Verizon self-disclosed 9 instances where services between the domestic 272s and the ILECs were provided prior to the execution of a written agreement or amendment. Since Verizon began its Section 272 compliance activities, more than 1300 contractual arrangements have been executed. |

| Section 272 Audit Report Issue/Report Language | Management Response |
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| | Of the 9 instances: 3 reflect GTE relationships that were in place prior to the merger with Bell Atlantic and that continued without a contract for a period after the merger. Prior to service provisioning, in 2 instances, an element of the contract was excluded due to human error. 1 was associated with Verizon's post 9-11 reconstruction activities. In the remaining 3 instances, the activities performed without a contract were very limited. |
| | Eight of these instances have been remediated and written agreements/amendments have been executed. In one instance, an amendment is currently being executed. In all cases, the agreements/amendments are executed as soon as a condition is identified. |

Section 272 Audit Report Issue/Report Language Management Response Objective V &VI, Procedure 5 We printed copies of the website postings for the 81 written The FCC's contract posting requirements are complex, requiring a multitude of data entries to be agreements, including the corresponding 121 amendments, as of posted for each contract. Indeed, many contracts require the mapping of hundreds (in some cases, December 31, 2002. We compared the rates, terms and conditions of thousands) of data elements for a single contract. For example, some of the contracts reviewed by services between the web postings and the written agreements provided PricewaterhouseCoopers contain thousands of rate elements e.g., Access Service Agreements and in Procedure 4 above and noted the following differences (Reference other Telecommunications Services agreements. Failure to perfectly map one of a 1000 rate elements from the contract to the web would be reflected as a discrepancy for that contract for the rate Tables 6 and 6a): category. There is no allowance for typographical or administrative human error or oversight. Using a conservative estimate. Verizon's overall web error rate is less than 1%. As summarized in Table 6a, PricewaterhouseCoopers' notes the following differences: (a) effective dates of the contracts don't match their associated web postings, and (b) posted rates don't match the contract. 1. Terms. PricewaterhouseCoopers' assessment reflects 14 occurrences where the term of an agreement/amendment and its web posting do not match. To receive a "-", PwC looked for a matching of the start date and the end date. A discrepancy in either of these elements results in a failure for the category. Seven (7) of the 14 are associated with publicly available interconnection agreements in the former GTE territory. Further, state commission approval of these agreements is required, and may dictate the effective date of an agreement in certain states. In addition, the effective date of the agreement/amendment may be distinct from the execution date, pursuant to the agreement of the parties. The other 7 are all VES agreements. Each of these errors was due to administrative or human error. Specifically, in six of the cases, the effective date for a contract was posted, rather than the effective date for the contract's executed amendments. In the other case, the contract was posted with the wrong contract end date; it was reflected with a one-year term rather than as evergreen. Rates. PricewaterhouseCoopers' assessment reflects 15 occurrences where a contract/amendment and its associated web posting do not display matching rates.

Nine are associated with publicly available interconnection agreements in the former GTE territory. Rates for these agreements are a matter of public record, may be "interim" in nature and are subject to changes in tariff filings that become effective, commission orders or changes in applicable law. When executed, the agreements typically contain language that automatically adopts applicable future rate changes. Such subsequent rate changes are

| Section 272 Audit Report Issue/Report Language | Management Response |
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| | not, however, routinely reduced to writing by the parties to the agreement in the form of an |
| | amendment. As a result, the rates that are currently available may not match those that |
| | were originally negotiated between the parties. To avoid confusion, rather than post |
| | "contracted rates" (which may differ from effective rates), the Verizon web site refers to the |
| | applicable Docket number governing the generally available rates. |
| | • Five contain multiple rate elements (one with as many as 523 elements, e.g., 522 were |
| | posted correctly, one rate was missing and that is counted as the principal error). To be |
| | noted as a discrepancy, Verizon simply had to fail to map each and every rate perfectly. |
| | One instance was due to human administrative error or oversight. |
| | All warranted corrections are being made. |

| Section 272 Audit Report Issue/Report Language | Management Response |
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| Objective V &VI, Procedure 5 We noted that 19 of the 81 written agreements were prepared in the form of Access Service Requests ("ASR"), which did not contain the sufficiently detailed information necessary to enable us to agree the specific rates, terms, and conditions in the written agreements to their respective web postings (Reference Table 7). Management indicated that ASRs, coupled with applicable tariff pages, provide the terms and conditions for access service. Management indicated that requests for access service were originally handled on an individual basis using an ASR. A Memorandum of Understanding was subsequently written to include all access services. | The Access Service Agreements ("ASRs") do not contain information about rates, terms or conditions because they relate to access services provided under tariff. The Act requires Verizon to include the rates, terms and conditions for access services in publicly available tariffs. All 19 instances related to requests by Verizon Global Networks Inc. ("VGNI") for access services. Verizon met the Section 272(b)(5) requirement for written agreements by executing and posting the ASRs from VGNI. Verizon currently executes and posts Memorandums of Understanding that cover access services ordered under ASRs |
| Objective V &VI, Procedure 5 3 of the 81 written agreements were not posted on the Section 272(b)(5) website as of December 31, 2002 (Reference Table 8). Management indicated that each of these contracts was removed one year after expiration as communicated to the Commission staff and as discussed in Verizon's 271 applications. | It is Verizon's practice to remove agreements from the websites "one year after the expiration or termination of the agreement." This practice is documented in Verizon's web posting procedures, which are available on each 272 affiliate's internet web site. Moreover, this practice was communicated to the FCC's staff and was further disclosed in Verizon's 271 applications. It should be noted that 2 of the 3 contracts would have been available for review during the previous audit engagement for calendar years 1999 and 2000. Specifically, both are GTE contracts from 1998 that were posted on 6/28/00 in anticipation of the BA/GTE Merger Close. The third contract was an agreement to assign a vendor contract from one Verizon affiliate (VSSI) to another Verizon affiliate (VZ-SW). It did not result in the provisioning or procuring of goods and services between the affiliates. Rather, the contract resulted in a contractual arrangement between an unaffiliated third party and the ILEC. It was posted as an agreement with a one-day term (the date of the assignment). As a result, this contract was removed one year after the date of the agreement (in September 2002), before the auditors had an opportunity to inspect it during the current audit engagement. Such assignment contracts are administrative in nature, not common in occurrence and did not effect terms, conditions and pricing of services being offered. |

| Section 272 Audit Report Issue/Report Language | Management Response |
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| Objective V &VI, Procedure 5 | |
| We visited four Verizon BOC/ILEC locations judgmentally selected by | PricewaterhouseCoopers visited 4 of Verizon's 17 Public Inspection sites ¹ and, collectively, |
| the Oversight Team, Massachusetts, New York, Pennsylvania, and | inspected 87 contracts. On average, each site maintains more than 400 separate contracts. In some |
| Texas, to determine whether the same information in the written | cases, however, the number of managed contracts by site can exceed 500. Verizon estimates that all |
| agreements obtained in Procedure 4 is made available for public | the inspection sites combined maintain over 8000 copies of contracts. |
| inspection at the principal place of business of the Verizon | |
| BOC/ILECs. We inspected 87 written agreements, 13 of which were | PricewaterhouseCoopers erroneously sough to review five VADI contracts at the headquarters of two |
| inspected in multiple states. We noted the following during our | of its sister ILECs: Verizon PA and Verizon SW. As prescribed by section 272 (b)(5), however, |
| inspection of agreements: | VADI contracts are made available for inspection at VADI's headquarters. VADI's headquarters is |
| •8 agreements in total, 6 agreements in Pennsylvania, 1 agreement in | located at 1166 Avenue of the Americas, New York, New York and was not visited by the auditor. |
| Texas, 1 agreement in both Pennsylvania and Texas, were not available | |
| for public inspection during our visit (Reference Table 9). For | Of the three remaining instances, two of the three requested documents were indeed readily available |
| Pennsylvania, we inquired of management and management indicated | in paper form for inspection at the public inspection sites. Had the visitor asked for assistance, |
| that 4 of the 6 agreements were available on CD-ROM and of the | Verizon could have readily produced the requested documentation. Due to human error, however, |
| remaining 2 agreements, one had a hard copy that was available at the site for inspection. | one of the 87 contracts (about 1%) was not available for inspection. |
| Objective V &VI, Procedure 5 | |
| During the inspection of agreements in New York, Massachusetts, | PricewaterhouseCoopers indicates that 6 contracts have missing pages. Clearly, these omissions are |
| Pennsylvania, and Texas, we noted that pages for 6 agreements were | due to administrative copying errors when duplicating large amounts of paper files. |
| not available for inspection (Reference Table 10). We inquired of | due to definitional terrors when deproducing large difficulties of paper fries. |
| management and management indicated that 3 of the 6 agreements are | It should be noted, however, that in addition to paper copies, Verizon maintains electronic copies of |
| available on CD-ROM and contain the missing information | most of its contracts at the public inspection sites. In three of these cases, the "missing" pages were |
| | actually readily available for inspection, at the site, using the CD-ROM electronic copies. Had the |
| | visitor asked for assistance, Verizon could have readily produced the requested documentation. |
| Objective V &VI, Procedure 5 | |
| During the inspection of agreements in New York, Massachusetts, | The discrepancies noted by PricewaterhouseCoopers evidence the extremely manual nature of |
| Pennsylvania, and Texas, we noted that 7 agreements were available | maintaining the public inspection offices. |
| without dates on them (Reference Table 11). Management indicated | |
| that complete copies for 6 of the 7 agreements were available on CD- | For example, due to human error, effective dates, while included on the CD-ROM version of the |
| ROM. Management also indicated that the effective date for 1 of the 7 | contracts, were not written on the paper copies for 6 of the 7 contracts. Between the web postings and |
| agreements is the date of the last signature of the contract, and is | the CD-ROM files, however, the effective dates for these activities could be readily determined. In |
| included on the signature page. | the one instance, the effective date was also readily displayed on the signature page of the contract. |
| | In only one instance (again, due to human error) was the effective date not available on either the |

¹ In the 5 years that Verizon has maintained these public inspection sites, Verizon has received only 4 requests to inspect the contracts. No requests have come from an Interexchange carrier since the year 2000.

| Section 272 Audit Report Issue/Report Language | Management Response |
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| | hard or electronic versions of the contracts made available for public inspection. |

| Section 272 Audit Report Issue/Report Language | Management Response |
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| Objective V &VI, Procedure 5 We inquired of management and management indicated that the following late postings were due to administrative errors (Reference Table 12) | PricewaterhouseCoopers' assessment reflects 8 sampled instances of late postings. Of these, two are associated with contracts that were executed and posted in 1998; they are outside of the audit period. One is associated with a contract that was executed in 2000 and remediated in 2001. None of the late postings is associated with contracts that were executed in 2002. More than half of the noted postings were posted within a month of contract execution. Of these one was late due to the Christmas/New Year holiday. |
| Objective V &VI, Procedure 5 Management also self disclosed a list of agreements which were posted after ten days of signing the agreement or the provisioning of the service (Reference Table 15). These agreements were not included in our sample in Procedure 4 above. | Thirteen (more than half) of the listed postings are associated with contracts executed in 1999 and 2000, but posted during the audit engagement period. As is evident by the posting dates, most of these were discovered during Verizon's internal posting remediation exercises during May/June and November/December 2001. The balance of the disclosed contracts is associated with 2001 contracting activities. Of these, more than half were posted less than 1 week late. None of the listing reflects contracts executed in 2002. Almost 90% of the listed posting are associated with VSSI. Of these, more than half of the agreements were posted less than two weeks late. The posting delays fall into the following basic categories: 1. The four agreements with the longest posting delays were for former GTE contracts originally executed prior to the merger with Bell Atlantic. Prior to the merger, the former GTE companies were not obligated to post their affiliate agreements. While the majority of such agreements were posted at merger closing, this date was in all cases more than 10 days after the effective date of such agreements. There was no obligation under the federal rules to post these agreements any sooner. Four amendments to these pre-merger agreements were inadvertently missed in the large volume of posting at merger. 2. One agreement with its associated 25 amendments was posted 6 days beyond the 10 calendar days. VSSI was made a party to this agreement between the BOCs and VLD and VES in Amendment #25. The delayed posting was due to the large volume of work required to simultaneously post all 26 documents. 3. The remaining late posting were due to administrative and technical process issues. All but two of these were addressed by standardizing Verizon's posting procedures in October 2001, and through additional training of employees as required. |
| Objective V &VI, Procedure 5 We noted the following agreements did not contain some of the | PricewaterhouseCoopers' assessment in Table 16 is comprised of a 10-point comparison between a |

| Section 272 Audit Report Issue/Report Language | Management Response |
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| required disclosures for posting (Reference Table 16). We inquired of management and management indicated the missing disclosures were due to administrative errors. | contract and its associated web posting. As previously noted, there is not a 1-to-1 correlation between a match, "-", and the number of data entries reviewed within a particular category. More than half of the 10 categories assessed by PWC in Table 16 require the successful mapping of multiple data elements to achieve a match. |
| | Moreover, almost 80% of the noted discrepancies are associated with one posting oversight: failure to add a one-sentence description of the components of Verizon's Fully Distributed Cost ("FDC") calculations. Because PricewaterhouseCoopers was looking for three specific disclosures within the FDC description, it noted three discrepancies each time the definition wasn't displayed. In addition, almost all of these "FDC description" errors are attributable to one of the Verizon Section 272 affiliates, Verizon Enterprise Solutions. This affiliate inadvertently stopped including this definition in its write up for several months. Missing the definition of fully distributed cost, however, would not effect terms, conditions and pricing of services being offered. |
| Objective V &VI, Procedure 6 We requested a listing and amounts of services rendered by month by Verizon BOC/ILECs to each 272 affiliates from January 3, 2001 through September 30, 2002. Management indicated that the services made available to the 272 affiliates and not made available to third parties were marketing and sales services. We inquired of management and management indicated that VLD, VES, and VSSI were the only Section 272 affiliates that purchased marketing and sales services from January 3, 2001 through September 30, 2002. From a list of 828 transactions for VLD, VES, and VSSI, we selected a random sample of 88 marketing and sales transactions. For the sample selected, we obtained the Fully Distributed Cost ("FDC") and Fair Market Value ("FMV") unit charges for the services as well as journal entries for the Verizon BOC/ILEC to determine whether these transactions were recorded in the books of the Verizon BOC/ILECs in accordance with the affiliate transaction rules. We also requested copies of the invoices for the sample that reflect the unit charges for the transactions. For 4 of the 88 transactions, the amount for the sample selected was a credit balance and the invoice did not contain unit charges. We traced the invoiced amount to the books of the Verizon BOC/ILEC and noted no differences. | For all of the 4 credit balance transactions selected by PricewaterhouseCoopers and noted in the report, PricewaterhouseCoopers was provided with the back-up documentation for the unit charges that resulted in the amount on the invoice provided to the long distance affiliates. |

VERIZON RESPONSE TO YEARS 2001/2002 SECTION 272 AUDIT REPORT

Attachment E

| Section 272 Audit Report Issue/Report Language | Management Response |
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| For 1 of the 88 transactions, management indicated that the invoice | |
| was billed in error. We traced the original invoice amount to the books | |
| of the Verizon BOC/ILEC and noted no differences. We also obtained | |
| the subsequent reversing journal entry from management. | |

| Section 272 Audit Report Issue/Report Language | Management Response |
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| Objective V &VI, Procedure 7 | |
| For 10 of 87 samples, management indicated they were unable to locate the corresponding amount in the Verizon BOC/ILECs' books | As detailed below, the 87 invoices translated into hundreds on line items requiring investigation. |
| (Reference Table 18). | The four LD Voice samples totaling \$5,540.63 could not be located in the BOC/ILECs books due to |
| | the following process. VSSI generates and sends a flat file containing hundreds of line items to |
| | Verizon Service Group, which in-turn sends it on to a third party for allocation to the various BOC/ILEC's. The BOC/ILEC's are then responsible for paying VSSI separately. All revenue |
| | received is applied to a single customer number on VSSI accounts receivable. |
| | The VSSI CPE Moves and Changes (MAC), CPE Other, and CPE Maintenance invoice numbers are |
| | converted to an ILEC purchase number by ILEC personnel. The ILEC personnel could not locate the |
| | appropriate file that would provide Accounts Payable with the reference number to extract required data. The 5 samples items totaled \$12,176.01 and contain 3 credit memos with a total of \$190. |
| Objective VII, Procedure 1 | data. The 3 samples terms totaled \$12,170.01 and contain 3 eredit memos with a total of \$190. |
| We requested from the Verizon BOCs the procurement awards to each | During the engagement period, Verizon self-disclosed 3 instances where services were provided on a |
| Section 272 affiliate from January 3, 2001 through September 30, | sole sourced basis. |
| 2002. Management indicated these services were provided to the | |
| BOCs on a sole source basis without soliciting bids: | Two of these three noted instances involve VADI relationships that were in place prior to VADI's classification, by the FCC, as a successor or assignee of the local exchange companies. Until that |
| "Prepaid Calling Cards – VSSI Card Services provided pre-paid | time, VADI was classified as a non-regulated affiliate and, as such, its transactions with section 272 |
| calling cards to the BOCs, including cards with custom artwork, for | affiliates were not subject to section 272(b)(5) requirements. However, upon the sunset of the |
| use at corporate events as give-away items. The service has been | separate data affiliate requirement, Verizon documented the existing relationships as required by |
| terminated. | section 272(b)(5), then later terminated them. |
| • Use of Voice Mail – After the separate data affiliate requirement for VADI sunset on September 26, 2001, VADI continued to | In the remaining case of the VSSI prepaid calling cards, the service has been terminated. |
| temporarily occupy space previously leased by VES at 1166 Sixth | in the remaining case of the visit prepara canning cards, the service has been terminated. |
| Avenue in New York City. VES had an existing Voice Mail system | |
| with extra capacity. VADI used this capacity to avoid the expense | |
| and wait associated with installation of a second system. VADI | |
| discontinued use of this service on January 31, 2002 when it | |
| vacated the building. Web Maintenance Service – After the separate data affiliate | |
| requirement for VADI sunset on September 26, 2001, GNI | |
| continued to maintain the VADI website that was required up until | |
| that point to post all VADI transactions with the ILECs. Although | |

| Section 272 Audit Report Issue/Report Language | Management Response |
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| the website was not required after sunset, GNI maintained it in order to provide data for the merger audit. This service was discontinued in September 2002 when it was determined that the information was no longer needed for the audit." Objective VII, Procedure 6 For 9 of the 100 inbound calls, we noted that the customer service representative did not inform the caller of other providers of interLATA services, or did not inform the caller of his right to make the selection (Reference Table 24). In 1 of the 9 calls (noted by an '*' | During the call observation sessions, both a PwC and a Verizon management representative observed each call. When the representatives offered Verizon Long Distance service for the interLATA carrier, notations were made to indicate if the representatives advised the customers that they had a choice of interLATA carriers and offered to read the list of available interLATA carriers. |
| in Table 24), we also observed the following: The customer service representative asked the customer if she wanted long distance service and told her, "If you choose Verizon, there is no extra charge, but if you choose another carrier, then there is a one-time fee of \$5." Customer then declined long distance service. Management indicated the representative erred when mentioning the \$5.00 PIC Change Fee since it is not applicable to customers who are selecting an interLATA carrier when establishing new local telephone service with Verizon. | The responses below are based on Verizon management's notations recorded during the call observation sessions. For each call referenced in Table 24, PwC identified the representative's PIN. The Verizon management representative, who observed with PwC, noted the following for four of the nine reported calls: Verizon noted that, for three of the nine calls PwC reported as not meeting criteria, the representative did meet all criteria. Where PwC indicated that the representative did not offer to read the list of carriers, Verizon noted that, after the representatives advised the customers that they had a choice of carriers, the customers interrupted with their choice of carrier. Since the customer's choice was made, the representative did not offer to read the carrier list. Verizon noted that for the one call PwC reported involving the mention of a one-time fee, the representative erred when mentioning the \$5 PIC Change Fee since it is not applicable to customers who are selecting an interLATA carrier when establishing new local telephone service with Verizon. Verizon does not agree that the representative's comments were an attempt to steer the caller to the 272 affiliate. |
| | Verizon does not agree with PwC's reported findings for the calls referenced in the bullets above. Moreover, Verizon uses a Voice Response Unit (VRU) that includes the neutral script so that most customers, who are calling to order new local service, prior to reaching a call center representative, hear the following: "You have a choice of local (or regional toll) and long distance providers. A list of providers is available." Action Taken by Verizon At the conclusion of each call observation session associated with this data request, for each occurrence where the representative did not meet all PIC Neutral criteria, Verizon call center |

| Section 272 Audit Report Issue/Report Language | Management Response |
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| | management discussed the observed call with the individual representative. In each case, the |
| | discussion was documented for retention in the employees' personnel file. |
| | Verizon regularly observes calls between call center representatives and customers to monitor compliance to Section 272 rules and regulations. A process is in place to notify call center management of all occurrences where PIC Neutral criteria is not met and to record action taken with the representative to correct performance. |
| | Verizon management provides ongoing training, development and coaching to call center representatives to ensure compliance with all FCC rules and regulations associated with PIC Neutral (Equal Access Scripting). |
| | Verizon maintains for all call centers up-to-date methods and procedures, detailing for the call center representatives the PIC Neutral requirements and associated scripting. |

| Section 272 Audit Report Issue/Report Language | Management Response |
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| APPENDIX B – fGTE/International 272s | |
| Objective I, Procedure 3 We inquired of management which entities perform operations, installation and maintenance ("OI&M") functions over facilities either owned or leased by TCI. Management indicated the following: "GTE Communication Systems Corporation, a non-regulated Verizon affiliate, acting through its Verizon Logistics division provided repair of plug-in cards for TCI switches located in Canada from the merger closing date through 2002. As part of the | These were relatively two small transactions between the affiliates. To be conservative, Verizon has categorized these as potential OIM transactions. The transactions were not between a BOC and a Verizon's primary 272 affiliates, but rather were between a non-regulated affiliate (Logistics) and a minority owned Section 272 affiliate, TCI and between a fGTE ILEC and TCI. Upon identifying these two transactions, Verizon took the necessary steps to obtain in writing the agreement between VZ CA and TCI regarding the use of VZ CA's test switch in connection with the |
| repair service, Verizon Logistics tested the plug-in cards on a test switch owned by Verizon California. The test switch was not connected to the network. Verizon Logistics discontinued providing the services to TCI in 2002. A contract between TCI and Verizon California for use of the test switch by Verizon Logistics during the past period was executed on April 10, 2003. Said agreement has been posted to the TCI Section 272 website for pubic inspection. Verizon Logistics is currently training TCI employees to repair their own cards." | card repairs performed by Verizon Logistics for TCI and the agreement between VZ FL and TCI regarding the repairs performed by TCI for VZ FL. Both of these agreements were posted to TCI's website as a good faith effort to reduce these transactions to writing and make them available for public inspection for the short time that the transactions occurred. Moreover, Verizon has since ceased both of these transactions and has communicated to and reinforced with TCI management (a minority owned Section 272 Affiliate in Quebec, Canada) that transactions of this nature should not be performed. VZ Logistics has instituted a full company-training program to educate Verizon Logistics employees on the Section 272 and Affiliate Transactions rules |
| | Dollar amounts and number of cards: |
| We inquired of management whether or not any of these services are | a. CA Repair - \$10,744 (for use of the test switch between 7/1/00 – 12/31/02) and \$248,032.04 (for the card repairs) |
| being performed by Verizon BOC/ILECs and other affiliates, on facilities either owned or leased by TCI. Management indicated the following: | b. FL Plug-ins – 6 cards repaired (5 on '01 and 1 in '02); total billing \$2,636.02 |
| "Between January 18, 2001 and January 22, 2002 TCI's Systems Support and Repair organization located in Burnaby, British Columbia repaired six Verizon GTD5 plug-in cards sent by Verizon Logistics for repair on behalf of Verizon Florida. TCI agreed to provide Verizon repair services and services were provided on an "as is" basis, without any representations or warranties of any kind. The total charge for the service was \$2,636.02. On March 12, 2003, a services agreement was entered into between TCI and Verizon regarding these transactions. Said agreement has been posted to the TCI Section 272 website for public inspection." APPENDIX B-1 – fGTE/International 272s - SEE ABOVE | Both activities have been terminated. |
| Objective V &VI, Procedure 4 | |
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| Section 272 Audit Report Issue/Report Language | Management Response |
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| We inquired of management regarding the provisioning of services without written agreements. Management indicated the following | Verizon self-disclosed six instances during the engagement period where provisioning of services between an international 272 and an ILEC occurred prior to the execution of a written agreement or |
| (Reference Appendix A, Objective V/VI, Procedure 4): | amendment. |
| | Five of the 6 cases reflect GTE relationships/activities that were in place prior to the merger with Bell Atlantic. These relationships/activities continued, post-merger, for some period of time, without a contract. All of these activities have been contracted and terminated. |
| | The remaining instance is associated with the provision of tariffed telecommunications services. Verizon is currently executing an agreement/amendment to reflect this relationship. |
| Objective V &VI, Procedure 5 | |
| Management disclosed a list of agreements that were posted after ten | The four noted late postings are actually associated with two contracts: Directory Assistance and |
| days of signing the agreement or the provisioning of the service | Service Bureau. These agreements were posted in response to the Bell Atlantic/GTE merger. While |
| (Reference Table 36). | the majority of the GTE ILEC/272 agreements were posted "on time", these two did not get posted |
| | until September. They were inadvertently missed in the large volume of posting at merger. |
| | Regarding the Extension and Termination Agreements associated with the Service Bureau Agreement, they were posted late due to a misunderstanding as to whether letters of understanding or |
| | notification, rather than actual agreements and amendments, had to be posted. |